

***United States Court of Appeals
for the
District of Columbia Circuit***



**TRANSCRIPT OF
RECORD**

JOINT APPENDIX

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

United States Court of Appeals
for the District of Columbia Circuit

No. 18,246

FILED JAN 15 1964

Nathan J. Paulson
CLERK

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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[Filed July 5, 1963]

UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF COLUMBIA

SCHERING CORPORATION,)	
)	
Plaintiff,)	
)	
vs.)	Civil Action
)	
DART DRUG CORPORATION, et al.,)	No. 202-60
)	
Defendants.)	

REQUEST FOR ADDITIONAL FINDINGS
OF FACT TO SUPPORT THIS COURT'S
ORDER OF JUNE 22, 1962 AND MEMO-
RANDUM IN SUPPORT THEREOF

On June 22, 1962 United States District Judge Tamm enjoined Dart Drug Corporation et al. from using, among other names, BIOVIDON, on their pharmaceutical products. Although Dart was fined, ordered to pay Schering's attorneys' fees and expenses and to henceforth avoid the use of the trade names "BIOCIDIN," "BIOVIDIN" and "BIOVIDON," an appeal was taken by Dart, questioning only that portion of the District Court's Order which prohibited the use of the trade name "BIOVIDON." On June 13, 1963 the United States Court of Appeals for the District of Columbia Circuit announced its decision in this case.

The District Court's decree was reversed in so far as it prohibited the use of "BIOVIDON," but the Court of Appeals stated:

" . . . This will not bar Schering, however, from further efforts below to enjoin Dart's use of BIOVIDON . . . as . . . a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations"¹

¹ The Court noted that the decree of June 22, 1962, which it was reviewing, provided that the earlier decree dated June 30, 1961 "be and the same hereby is reaffirmed and incorporated herein by reference thereto"

The Court also stated that the District Court's order could be supported on the basis of findings "based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt." (Slip Opinion, page 9)

Schering hereby requests that the Court make such additional findings as are required to support the order of June 22, 1962. The proposed findings and a memorandum supporting this request are attached.

Respectfully submitted,

/s/ William Simon
William Simon

/s/ John Bodner, Jr.
John Bodner, Jr.

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Attorneys for Plaintiff

Date: July 5, 1963

MEMORANDUM IN SUPPORT OF PLAINTIFF'S
REQUEST FOR ADDITIONAL FINDINGS OF FACT
TO SUPPORT THIS COURT'S ORDER OF JUNE 22, 1962

Preliminary Statement

This case originated as a trademark infringement and unfair competition suit by Schering Corporation (Schering), the owner of the trademark CORICIDIN for cold remedy products, against Dart Drug Corporation, et al. (Dart), which adopted the imitative name BIOCIDIN for similar products. By court-approved stipulation settlement, Dart agreed to discontinue the use of the name BIOCIDIN and to adopt a dissimilar name without certain specified syllables, including "DIN." Thereafter, Dart committed a series of violations of the court-approved stipulation and, as it later became, the formal decree of this Court, by repeatedly using trade names for its products with the prohibited syllable "DIN."¹

A. First Hearing on Violation

Under the terms of the stipulation, (JA 36-39) Dart had 90 days within which to discontinue the use of the name BIOCIDIN and to adopt another name for its products. The stipulation further provided that on a violation of its provisions a court decree would issue against Dart. On February 21, 1961, Dart, by memorandum, advised its store personnel that it was changing the name from BIOCIDIN to BIOVIDIN. (JA 45) BIOVIDIN, with the syllable "DIN," clearly violated the court-approved stipulation. Schering immediately wrote Dart stating this fact, and Dart replied that Schering had been misadvised; and shortly thereafter it changed BIOCIDIN to BIOVIDON,² not BIOVIDIN. (JA 46-47) The Dart memorandum of February 21, 1961 (see copy at JA 45) shows conclusively that Schering had not been misadvised.

¹ Before the Court of Appeals, Dart filed a joint appendix which contained the essential pleadings in this matter. For convenient reference, we have filed a copy of that appendix with the Court and refer to the pleadings contained therein by use of the symbol "JA."

² BIOVIDON was not one of the names listed in the stipulation that Dart indicated that it was considering as the new name. (JA 36-37)

On April 27, 1961, Dart ran advertisements in the Washington Post and the Washington Evening Star using the name BIOCIDIN, in open violation of the stipulation. Shortly thereafter, on May 5, 1961, Schering, pursuant to the reservation of jurisdiction by the District Court in the court-approved stipulation, filed a motion in the District Court for the entry of a decree by that Court on the grounds of the two violations described above as expressly provided for in the Decree. (JA 40-49) This motion came on for hearing before Judge McLaughlin, who on June 30, 1961, entered a decree finding:

"The Court further finds that the defendants have thus violated the provisions of the stipulation of January 12, 1961, accepted and approved by this Court on that date." (JA 52)

Dart was then enjoined, this time by decree of the District Court, from, inter alia, using the name BIOCIDIN or any other trade name "which includes any syllable which is identical to any of the following syllables . . . : (1) COR, (2) CL, (3) CID, (4) DIN, (5) SCHER, (6) RING" in the sale of any products similar to CORICIDIN. (JA 52)

B. Second Hearing on Violation

Approximately 10 months later, on April 26, 1962, Schering filed a further motion to adjudge Dart in contempt for violation of the Court decree entered by Judge McLaughlin. (JA 53-60) That motion, as amended, alleged that on April 25, 1962, Dart offered for sale at 3 of its retail drug stores cold tablets labeled BIOVIDIN, in violation of the Court's decree. (JA 58-60) Dart answered, admitting under oath that it had purchased cold tablets improperly labeled BIOVIDIN, but it stated that none of these mislabeled products had reached the public through its retail stores. (See JA 65) Still later, Dart answered the amended motion, and this time it attached two supporting affidavits by its company officers Shipe and Eidelman. (See JA 66) In those affidavits, the men told this Court that a physical check of all Dart retail stores on April 26, 1962 revealed only 67 bottles of cold tablets improperly labeled "BIOVIDIN" in three of the stores and those bottles were removed from

those stores. The other eleven stores, according to the affidavits, did not have any of the "BIOVIDIN" tablets. On May 31, 1962, over a month after the "check of all retail stores" by Dart personnel, the motion for contempt came on for hearing before this Court, Judge Tamm sitting. At that time it was revealed that on that date "BIOVIDIN" tablets were physically displayed in at least one Dart outlet. Further, as Schering's counsel informed the Court:

"In addition, we submitted written interrogatories. We asked them what they did with the wrong labelled pills after they found out about it. Their answer to the interrogatories filed only on Tuesday discloses that when they went to checking after we filed our motion, they found the mislabelled pills in three stores but one of the three stores is located at 18th & Columbia Road where they found 26 bottles of the pills -- the mislabelled pills. The three stores at which we purchased the mislabelled pills are all in the downtown area, so that if the 18th & Columbia Road store had mislabelled pills, this is a fourth store, and we know for sure that the store at 17th & K had mislabelled pills which is a fifth store. So that at a minimum there were five stores that had the mislabelled pills, although two affidavits on file here say that there were only three stores and affirmatively state none of the other 11 had mislabelled pills." (JA 66)

Schering next offered a photograph of a display window taken at a fourth Dart drug store showing a large display of tablets bearing the name BIOVIDIN, and offered to prove that the situation represented by that photograph existed even as of the very day of the hearing, notwithstanding Dart's affidavits of two weeks earlier that all BIOVIDIN tablets had been withdrawn from sale. (JA 66) As to this violation, Dart's officials at the hearing testified that they did not know how many improperly labeled white tablets had been purchased, how many of the Dart stores had received them, or how many bottles of the product still remained on the shelves of the stores. They admitted that as early as January 1962 they knew that they had received a shipment of their product labeled "BIOVIDIN" and that as late as the hearing date in May

BIOVIDIN-labeled products were still being displayed in at least one store. (See testimony of Haft, President of Dart (JA 90-98), and Shipe, Vice President of Operations of Dart (JA 99-100)).

When Judge Tamm asked counsel for Dart, "How can the Court have any assurance in the accuracy of your affidavits? If this type of thing can occur in one display, doesn't it suggest -- and I suppose that is the purpose for which counsel offers it -- that the Court should not place much reliance upon your affidavits?", he replied, "The point is certainly well-taken. I can't quarrel with it unduly." (JA 82-83)

After the evidence disclosed the errors of the Dart affidavit and the existence of the window display of illegally labeled merchandise, Dart's President, when asked how many stores got the product labeled BIOVIDIN, testified, "I would say all the stores received it." (JA 92)

At the conclusion of the hearing, this Court ruled that Dart had "indicated a disinterest in, in fact, a disregard for the provisions" of the stipulation and decree of the Court. Referring specifically to "the fact that as recently as today, the prohibited name 'Biovidin' has appeared on merchandise in at least one of the defendant's windows," the Court stated that "upon the complete testimony and the exhibits," it must conclude that the violation was "contumacious in the sense that . . . (Dart) has not effectively attempted to comply with the Court Order. Under the circumstances," Judge Tamm concluded, "I believe the Court is required to adjudicate this defendant in contempt of Court." (JA 102)

Because of the record of repeated violations of the Court's orders and the seriousness of the offense, this Court imposed a fine, awarded attorneys' fees and expenses, and enjoined Dart from all further acts of trademark infringement and unfair competition, including those arising from the use of the trade names BIOCIDIN, BIOVIDIN and BIOVIDON. (JA 111)

THE APPEAL

On July 2, 1962, Dart filed a notice of appeal challenging the decree of the Court insofar as it prohibited the use of the name BIOVIDON. (JA 116) The appeal did not challenge the fine, the award of attorneys' fees and expenses, or any other provision of the decree.

Dart's sole contention on appeal was that "the District Court erred in enjoining the use of the trade name BIOVIDON in the absence of any evidence that BIOVIDON was confusingly similar to the trade mark CORICIDIN." (Quoted from Statement of Question Presented, Dart's appeal brief, p. i).

In response on appeal, Schering pointed out that the decree was not based upon a trial and adjudication of trade mark infringement and unfair competition, but upon a finding and judgment of contempt for violation of an order of the Court. Thus the only question was whether the relief granted was reasonable to protect the trade mark rights of the owner of CORICIDIN and to insure future obedience to the decree of the Court.

In the law on relief in trademark infringement and unfair competition, it is well settled that an infringer, once found guilty of contempt, must adopt a name and dress for its product which is dissimilar from that of the infringed trademark. The law is summarized by one leading authority as follows:

"In a contempt proceeding one who has been found guilty of unfair competition must do more than see how close he can with safety come to the name or dress he was enjoined from using on his goods. He must 'get well away from the dividing line between violation of and compliance with the injunction.'" Nims, "Unfair Competition and Trade-Marks",² 1188 (4th Ed. 1947)

Schering pointed out that this Court, applying these principles, granted an injunction against the further use of a trade name which gave rise to repeated violations of this Court's orders. That trade name BIOVIDON was not easily distinguishable from the prohibited names BIOVIDIN and BIOCIDIN; and indeed BIOVIDON represented as close an approximation to the prohibited names as human ingenuity could devise.

Accordingly, it was proper and reasonable for the District Court to conclude that effective relief to protect the trademark rights of Schering from future violations required that Dart be enjoined from further use of the name BIOVIDON.

Dart no longer contests that its use of BIOVIDON resulted in a series of violations of the Court-approved stipulation and this Court's first decree. In the hearing before Judge Tamm, Dart admitted that it flagrantly disobeyed this Court's orders, but it sought to explain these violations by attributing them to "errors" and "mistakes" of others while nevertheless conceding its responsibility for their actions. (JA 71,104) By its very explanations, Dart only confirmed the need for the relief granted by this Court.

The first violation -- the bulletin announcing BIOVIDIN as the new name -- was supposedly an error of the office personnel. (JA 74-75; also 63) The second violation -- the advertisements of BIOCIDIN in the two newspapers -- was attributed to "an obvious definite error on the part of the advertising agency." (JA 75) The third and fourth violations -- the red and white tablets labeled BIOVIDIN -- were allegedly due to the "error" and "mistake" of the drug supplier. (JA 73-74; 76-77, 84) Dart admitted that it did not detect the illegally labeled product and that it reached its own retail stores. (JA 72-73) But, Dart claimed, when it learned of the mislabeled merchandise, it issued instructions, first in February and again in April, to its store managers to physically check and remove all BIOVIDIN-labeled products. (JA 76-77, 83, 92-93) Despite these efforts, Dart still failed to detect and remove all the mislabeled merchandise. (Ibid.; also JA 98) As for the window display of BIOVIDIN, Dart explained that "we just missed it and we are sorry for that." (JA 82) As further explanation, Dart stated that even the warehouse manager and another person went to all the stores to check specifically the window displays but "they apparently missed this one." (JA 83; see also 92)

Surely these explanations, in sum, constitute a clear admission that the name BIOVIDON was so close to the names banned by the original

injunction that those persons handling the product could not avoid violating the decree. This was not only true for third parties such as the advertising agency and the drug manufacturer, but it was equally true for Dart's skilled personnel including its own professional pharmaceutical employees. Even when these people were specifically on notice of the illegally labeled products, they admittedly were unable to detect such products among their other merchandise because of the similarity of the name and appearance of the products. Dart's contention that the "errors" and "mistakes" were "inadvertent" only forcefully shows the inherent likelihood of their repetition if Dart is permitted to continue to use the name BIOVIDON.

On the other hand, the simple fact is that none of the violations would have occurred if Dart, after agreeing to change its name, had adopted a genuinely dissimilar name for its products. In view of this whole situation, it was correct for the Court to conclude that the only way to avoid a repetition of such violations was to enjoin the use of BIOVIDON and thereby require Dart to adopt a name that does not stand precariously balanced on the line between compliance with and violation of the injunction. (See JA 108)

In its decision, the Court of Appeals agreed that it was appropriate for the District Court to issue a decree with provisions necessary to insure Dart's compliance with this Court's order. (See Opinion, pp. 8-9) The Court of Appeals noted, however, that there was no specific finding of fact by the District Court that the provision against BIOVIDON was "a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations." (Opinion, p. 9) Since the Appellate Court felt that it should not perform the "task of the factfinder," it said that it would be proper for Schering to return to the District Court to request that findings be made "based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt."

THE BASIS OF THE COURT'S DECREE PROVISION AGAINST
BIOVIDON

As shown above, the evidence taken at the contempt hearing established beyond question that effective relief required the prohibition against BIOVIDON. Moreover, after the adjudication of contempt Schering submitted proposed findings of fact and a proposed decree. A hearing was then held on the proposed findings and decree (see JA 103-109); and at that hearing counsel for Dart stated:

"We concede that . . . [Dart] evidenced or indicated a disinterest in effectively complying with the decree; but if Your Honor will recall the facts here, the cause of the error was inadvertent. The problem the defendant ran into was its failure to correct the error once it occurred." (JA 104)

By Dart's own words it is clear that effective relief required that Dart adopt and use a name for their products dissimilar to those used in the past and one that would not lend itself to future violations. Directly on this point, Dart objected at the hearing to the provision against the use of BIOVIDON on the theory that it was not "confusingly similar" to CORICIDIN. (JA 106) When counsel for Schering made his response, the Court specifically asked about this very objection of DART:

THE COURT: What do you say about his objection to "Biovidon" being included?

MR. SIMON: Your Honor, I think the only reason that we have been here in Court is that they have tried so hard to get a name that didn't violate the express stipulation of a year ago and still came close to the name they were trying to

¹ The Court of Appeals also ruled that Schering could ask the District Court to enjoin Dart's use of BIOVIDON as unfair competition and trademark infringement by introducing evidence of the likelihood of confusion at a hearing. (Opinion, p. 9) But since the decree is supportable on the first ground, to insure obedience and to prevent future violations of the Court's decree, Schering is not asking in this instance that such a hearing be held.

simulate. But they have walked up to the line and stepped over it and now it seems to me that it is time for them to get a name that is sufficiently different from ours that it doesn't lend itself to the kind of inadvertent or advertent errors that they have been in.

THE COURT: You did not include the "don" in your request for relief previously, did you?

MR. SIMON: The complaint, of course, broadly asked that they be enjoined from using any name that infringed our trademark. At the time of the settlement, we limited ourselves to the 'din' in the settlement order and Judge McLaughlin's decree followed the settlement order; but we reserved, by the agreement, the right to the broad relief in the complaint.

While we don't ask Your Honor to just say we get all the relief in the complaint, we have spelled it out to broaden the relief of the settlement so that they will not have a word that is so close to ours so as to encourage or permit what happened in this instance. (JA 108)

Based on this hearing, the provision against the use of BIOVIDON was included in the final decree entered by this Court. Thus, in the clearest possible terms, this Court gave consideration to the objection of Dart to this provision in the decree; and it also considered the evidence showing that such a provision was required to insure obedience to this Court's decree and to prevent future violations of the trademark rights of Schering and the orders of this Court.

SUPPLEMENTAL FINDINGS OF FACT

For the foregoing reasons, it is respectfully requested that the Court supplement its "Findings of Fact and Decree" of June 22, 1962 by making the following additional findings of fact based upon the record of the contempt proceeding:

1. The prior decree of this Court, as well as the Court-approved stipulation between the parties, prohibited the defendants from using the names BIOCIDIN and BIOVIDIN on their pharmaceutical products.

2. In renaming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name so as to prevent the likelihood of future violations of the rights of the plaintiff and the orders of this Court. BIOVIDON is but one letter away from the prohibited name BIOVIDIN. BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance.

3. The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical supplier, and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties.

4. A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the orders of this Court.

Attached herewith is a proposed order to supplement this Court's "Findings of Fact and Decree," of June 22, 1962, by adding the findings of fact set forth above.

[Certificate of Service]

[Filed July 5, 1963]

1

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 17217

DART DRUG CORPORATION, ET AL., APPELLANTS

v.

SCHERING CORPORATION, APPELLEE

Appeal from the United States District Court
for the District of Columbia

Decided June 13, 1963

Mr. Robert B. Hirsch, with whom Mr. Thomas Schattenfield was on the brief, for appellants.

Mr. John Bodner, Jr., with whom Mr. William Simon was on the brief, for appellee.

Before BAZELON, Chief Judge, FAHY and BURGER, Circuit Judges.

BAZELON, Chief Judge: Having adjudged appellants in contempt of an injunction in this trademark infringement suit, the District Court imposed a fine and entered a broadened injunction. Only a particular aspect of the enlarged restraint is challenged here.

The contempt arose in the following manner. On January 20, 1960, Schering Corporation, the manufacturer of a cold tablet bearing the trademark CORICIDIN, filed a complaint in the District Court to enjoin a chain
2 of stores known as Dart Drug Stores from marketing a cold tablet named

BIOCIDIN.¹ On January 12, 1961, the District Court approved a settlement stipulation of the parties and dismissed the complaint with prejudice. Under the stipulation Dart agreed not to use the word BIOCIDIN as a trademark or trade name on any of its own pharmaceutical products, or to use any other word containing certain syllables specifically listed therein. The syllable DIN was included in the proscribed list but the syllable DON was not. There was also a list of words, including BIODON, the use of which plaintiff agreed would not be in violation of the stipulation.² Thus the stipulation was carefully delimited. It did not contain any admission by Dart of trademark infringement or unfair competition nor did it prohibit "colorable imitations" of CORICIDIN or "further acts of unfair competition."³

A. First hearing, on violation of the stipulation.

In May 1961, after Dart had decided to rename its products BIOVIDON, a name not in violation of the stipulation, Schering charged that Dart had violated the stipulation by advertising for sale a cold tablet bearing the interdicted name BIOCIDIN. After hearing the District Court found, in a decree dated June 30, 1961, that on April 27, 1961, there

¹ The complaint alleged unfair competition and violations of the Lanham Act, 15 U.S.C. §§ 1051 et seq.

² The stipulation recited: "Defendants have advised the plaintiff that they are considering the use of either the trade name BIOCARE, BIOCOLE, BIODON, BIOCOLD, BIOPURE, BIOPRIN, BIOCIN, BIOCINE or BIONICOL [BIOCINOL?] and plaintiff agrees that the use of any such trade name or trademark shall not be deemed in violation of this stipulation."

³ The stipulation did, however, provide that the court would retain jurisdiction and, in the event of a breach by Dart, "enter a permanent injunction for the relief prayed for in the complaint, in the customary and usual form of an injunction in a suit for trade mark infringement and unfair competition. . . ."

appeared in the Washington Post "an advertisement of the defendants which used, advertised and referred to BIOCIDIN products" in violation of the stipulation.⁴ The court, noting that the stipulation provided for "a permanent injunction for the relief prayed for [in the original complaint]" upon a showing of a violation by Dart of the stipulation, thereupon enjoined Dart from using the name BIOCIDIN or any other name containing, inter alia, the syllable DIN.⁵ The decree did not include an adjudication that Dart had engaged in trademark infringement or unfair competition, nor did it enjoin colorable imitations of CORICIDIN or further acts of unfair competition.⁶

4 B. The second hearing, on violation of the injunction.

On April 26, 1962, Schering filed a motion to adjudge Dart in contempt for violation of the District Court's decree of June 30, 1961. The motion, as amended, alleged that on or about April 25, 1962, Dart offered for sale at three of its retail drugstores cold tablets named BIOVIDIN, a name in violation of the injunction because containing the syllable DIN.

At the contempt hearing, Dart did not deny the charge concerning sales of BIOVIDIN, or that these sales violated the injunction. It claimed only that the violations were not willful. To establish this claim Dart explained that one of its manufacturers had shipped a supply of BIOVIDON and BIOVIDON-DC (a related product) mislabeled BIOVIDIN and BIOVIDIN-DC. It also appeared that on the very day of the hearing a quantity of

⁴ The BIOCIDIN advertisement was apparently an error on the part of the advertising agency for Dart, but the court ruled that Dart was legally responsible for the acts of the agency.

⁵ In pertinent part the decree, differing only in wording from the stipulation, reads as follows: "[T]he defendants [are] enjoined . . . from at any time or in any manner using the name BIOCIDIN as a trademark or trade name for any pharmaceutical product manufactured, sold or marketed by them, . . . and they are further enjoined . . . from using any trade name or trademark in the marketing or sale of any product containing substantially the same formula of any CORICIDIN product listed on pages 2 and 3 of that certain Schering price list dated October 13, 1960, which includes any syllable which is identical to any of the following syllables or any combination of any of said syllables: (1) COR, (2) CI, (3) CID, (4) DIN, (5) SCHER, (6) RING; and these provisions shall also pertain to any phonetic sound identical to any of the above, such as using (1) K for S or C [K or S for C?] and (2) Y for I."

⁶ Cf. note 3 supra.

BIOVICIN-DC was still located in a window display in one Dart drugstore. Dart's counsel attributed the failure to remove this display to the crowded nature of Dart's window displays.

At the conclusion of the contempt hearing, the court found "that defendants have indicated by their conduct a disinterest in and a disregard for the provisions of the said Decree of this Court and that the defendants have violated the provisions of the said Decree of this Court and that the violation is contumacious in that defendants have not attempted effectively to comply with the said Decree of this Court." The court adjudged defendants in contempt and, in addition to other remedies not challenged on this appeal,⁷ enjoined defendants "from any and all further acts of unfair competition and trade mark and trade name infringement including those arising from their use of the trade names BIOCIDIN, BIOVIDIN and BIOVIDON or any other simulation or colorable imitation
5 of plaintiff's products bearing the trade mark CORICIDIN"⁸
Cf. 15 U.S.C. §§ 1114(1)(a), 1116. In this appeal Dart challenges the decree only insofar as it enjoins the use of BIOVIDON,⁹ a word not expressly prohibited in whole or in part by either the stipulation or the decree of June 30, 1961.

We think that the word BIOVIDON could be enjoined only upon a determination either that (1) the use of BIOVIDON by Dart constitutes unfair competition to Schering or infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the decree of June 30, 1961, in order to assure future compliance.

⁷ The other remedies were a fine of \$500 plus the costs of the contempt proceeding, and an order that Dart pay to plaintiff attorneys' fees and expenses amounting to \$2896.37.

⁸ Dart was also ordered to submit an affidavit within ten days showing that it had "destroyed all goods, labels, signs, printed packages, [etc.] bearing the designation BIOCIDIN, BIOVIDIN and BIOVIDON or any other simulation or colorable imitation of plaintiff's said trade mark and trade name CORICIDIN thereon." Cf. 15 U.S.C. § 1116.

⁹ The District Court has granted a stay of "that part of the Court's Decree . . . which enjoins and restrains said Defendants from the use of the trade name 'BIOVIDON' and requires them to destroy all BIOVIDON material in their possession. . . ."

The District Court did not state its reason for prohibiting BIOVIDON. There was no evidence and the court made no finding that BIOVIDON is so similar to CORICIDIN that its use is likely to cause confusion in the minds of the purchasing public.¹⁰ Since "the same tests are applicable on the issue of violation as in issuance of an

6 injunctive decree," there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement. Star Bedding Company v. Englander Company, 239 F.2d 537, 542 (8th Cir. 1957). Schering argues, however, that "BIOVIDON was as close to BIOCIDIN as human ingenuity could devise without violating the prohibitions [and] did not represent a good-faith attempt to use a dissimilar name so as to prevent any likelihood of confusion. . . ." For the proposition that Dart was required to keep far enough away from CORICIDIN "to avoid all possible confusion," Schering relies mainly on the cases of Eskay Drugs, Inc. v. Smith, Kline & French Laboratories, 188 F.2d 430 (5th Cir. 1951); and Independent Nail & Packing Co. v. Stronghold Screw Products, Inc., 215 F.2d 434 (7th Cir. 1954).

In Eskay, appellants Eskay Drugs, Inc., et al., were enjoined by a consent decree, which contained an admission of infringement, from using appellee Smith, Kline & French's trademark "Eskay" or any colorable imitation thereof on certain specified products. In a subsequent contempt hearing, the lower court ruled that "Enkay" was a colorable imitation of "Eskay" in violation of the earlier decree. The Court of Appeals for the Fifth Circuit affirmed, saying:

¹⁰ For purposes of the present case it is sufficient to state that confusion to the public is the essence of both trademark infringement, see 15 U.S.C. § 1114 (1), and unfair competition, see, e.g., McGraw-Hill Pub. Co. v. American Aviation Associates, Inc., 73 App. D.C. 131, 117 F.2d 293 (1940); Everest & Jennings, Inc. v. E & J Manufacturing Co., 263 F.2d 254 (9th Cir. 1958), cert. denied, 360 U.S. 902 (1959); Faciane v. Starner, 230 F.2d 732 (5th Cir. 1956), and we intimate no views as to the validity or applicability of various particular doctrines of unfair competition such as palming-off and dilution (see Champion Paper & Fibre Co. v. National Ass'n of Mutual Ins. Agents, 102 U.S. App. D.C. 10, 249 F.2d 525 (1957)).

Appellants, by the use of the word "Enkay," are trying to come about as close as is conceivably possible to a continuance of the use of the word "Eskay" If this court permitted such an act, it would render ineffective the consent decree

In the Stronghold case, supra, the Court of Appeals for the Seventh
7 Circuit had held in a previous appeal of that controversy¹¹ that defendant's use of a particular corporate name constituted trademark infringement and unfair competition, and had remanded the case for entry of an appropriate injunction.¹² On remand, the District Court entered a decree allowing the defendant to use a name very similar to the prohibited name. In the second appeal which followed and to which we refer here, the court said that it was "convinced that the confusion mentioned in our previous opinion will continue to exist if defendant is permitted to [use the revised name]." 215 F.2d at 437.

The Eskay and Stronghold cases are distinguishable. In both there was either an admission or an adjudication of unfair competition or trademark infringement. In the present case there has never been such an admission or adjudication. . Dart did not agree and was not ordered to refrain from "further acts of unfair competition" or the use of "colorable imitations" of CORICIDIN.¹³ On the contrary, as we have already indicated, both the stipulation and the decree of June 30, 1961, expressly and meticulously listed the impermissible syllables and combinations of syllables. BIOVIDON was not included.

¹¹ Independent Nail & Packing Co. v. Stronghold Screw Products, Inc., 205 F.2d 921 (7th Cir.), cert. denied, 346 U.S. 886 (1953).

¹² See also Independent Nail & Packing Co. v. Perry, 214 F.2d 670 (7th Cir. 1954).

¹³ We recognize that the decree below modifies the decree of June 30, 1961, so as to enjoin colorable imitations of CORICIDIN and that Dart has not appealed from that portion of the decree. But there has been no hearing upon which it could be determined whether BIOVIDON is a colorable imitation of CORICIDIN. Star Bedding Company v. Englander Company, 239 F.2d 537 (8th Cir. 1957).

8

"Consent decrees, as their name implies, are the result of an agreement, sometimes precedently expressed in formal stipulation, and sometimes . . . solely in the decree itself. They are to be read within their four corners, and especially so because they represent the agreement of the parties, and not the independent examination of the subject-matter by the court. They are binding only to the extent to which they go. Neither court nor party can write in them what is not there, and thus change what was agreed upon between the parties." Star Bedding Company v. Englander Company, *supra*, 239 F.2d at 546.

We cannot say that Dart's use of BIOVIDON would "render ineffective" the decree, as in Eskay, or result in the continuation of any confusion to the purchasing public, as in Stronghold.

Schering also argues that enjoining BIOVIDON was necessary to assure Dart's compliance with the prohibition against BIOVIDIN. Its argument seems to be that the record supports an inference that the similarity between DIN and DON, BIOCIDIN and BIOVIDON, and BIOVIDIN and BIOVIDON confused Dart's employees, advertising agency and supplier and thereby caused the prohibited use of BIOVIDIN; hence compliance with the decree of June 30, 1961, could be assured only by prohibiting BIOVIDON.¹⁴ But we are not advised that the court drew any such inference. Since we cannot say with certainty that this is the reasonable inference which may be drawn, we would have to engage in
9 what is essentially the task of the fact-finder to determine whether the

¹⁴ Cf. United States v. DuPont & Co., 366 U.S. 316 (1961); Hughes v. United States, 342 U.S. 353 (1952); Chrysler Corp. v. United States, 316 U.S. 556 (1942); United States v. Swift & Co., 286 U.S. 106 (1932); Elm Corp. v. E. M. Rosenthal Jewelry Co., 82 U.S. App. D.C. 196,203, 161 F.2d 902, 909 (1947); Food Fair Stores v. Food Fair, 177 F.2d 177, 185-86 (1st Cir. 1949); Chemical Corporation of America v. Anheuser-Busch, Inc., 306 F.2d 433 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963); Star Bedding Company v. Englander Company, 239 F.2d 537 (8th Cir. 1957); Coca-Cola Co. v. Standard Bottling Co., 138 F.2d 788 (10th Cir. 1943); International Silver Co. v. Oneida Community, 93 F.2d 437 (2d Cir. 1937).

action below may be supported. We decline to do this. Hughes v. United States, 342 U.S. 353 (1952).

The decree must therefore be reversed insofar as it prohibits the use of BIOVIDON. This will not bar Schering, however, from further efforts below to enjoin Dart's use of BIOVIDON either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations.¹⁵ See p. 5 supra. The first ground would require findings based upon an evidentiary hearing. See note 13 supra. The second ground would require findings, based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt. We intimate no opinion, of course, upon the questions which might thus be presented.

So ordered.

¹⁵ The decree we review herein provides that the earlier decree "dated June 30, 1961, be and the same hereby is reaffirmed and incorporated herein by reference thereto"

[Filed July 27, 1963]

MEMORANDUM IN OPPOSITION TO PLAINTIFF'S
REQUEST FOR ADDITIONAL FINDINGS

Defendants (Dart) oppose the entry of additional findings in this matter for the reasons hereinafter set forth.

On June 22, 1962, this Court entered its Order decreeing that Dart was guilty of contempt and, among other things, enjoining Dart " . . . from any and all further acts of unfair competition and trademark and trade name infringement, including those arising from their use of the trade names "Biocidin", "Biovidin", and "Biovidon" or any other simulation

or colorable imitation of Plaintiff's products bearing the trademark "Corcidin"; . . ." (JA 111).

Dart appealed the decision with respect to the above-stated injunction. On June 13, 1963, the United States Court of Appeals reversed the Decree insofar as it prohibits the use of BIOVIDON.

The United States Court of Appeals stated that Dart's use of the ". . . word BIOVIDON could be enjoined only upon a determination either that (1) the use of BIOVIDON by Dart constitutes unfair competition to or infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the Decree of June 30, 1961, in order to assure future compliance." (Slip Opinion, page 5).

With respect to the first ground, the Court of Appeals held that "there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement." (Slip Opinion, page 6). With respect to the second ground, the Court of Appeals stated that findings "described as essential" would be required, based upon the present record. (Slip Opinion, page 9). Plaintiff's Memorandum seeks to create the impression that the Court of Appeals believes that the entry of additional findings is warranted in this case. This clearly is not so. The Court of Appeals in fact stated "We intimate no opinion, of course, upon the questions which might thus be presented." (Slip Opinion, page 9).

The Court of Appeals notes that Plaintiff argued that the record supports an inference that "compliance with the Decree of June 30, 1961, could be assured only by prohibiting BIOVIDON." (Slip Opinion, page 8). (emphasis added) Significantly, the Court of Appeals rejected Plaintiff's argument, observing that it could not "say with certainty that this is the only reasonable inference which may be drawn . . ." and it "would have to engage in what is essentially the task of the fact-finder to determine whether the action below may be supported." (Slip Opinion, pages 8-9). (emphasis added)

It is submitted that the record in this case does not support a finding that enjoining the use of BIOVIDON is necessary as a remedy for past

violations of the Decree of June 30, 1961, in order to assure future compliance. Plaintiff's Memorandum (Pl. M.) attempts to create an atmosphere of flagrant, willful and bad faith action by Dart in support of its request for additional findings. Examination of the record does not justify the conclusions of Plaintiff's Memorandum. For example:

1. Plaintiff describes the name BIOCIDIN as imitative of the trademark CORICIDIN (Pl. M., page 1). This is not supported by the record.

2. Plaintiff asks for a finding that Dart "did not make a good faith effort to adopt a dissimilar name . . ." (Pl. M., page 13). The agreement between the parties recognizing that words containing the syllables BIO and DON would not violate the Stipulation refutes Plaintiff's contention, (JA 36-37).

3. Plaintiff seeks to label Dart's action as constituting a series of repeated violations of the court-approved Stipulation and Decree of this Court. (Pl. M., pages 1-6). In fact, there was one violation of the Stipulation and one violation of the Decree of this Court. Manifestly, the continuing nature of the violation of the Decree should not be used to play a numbers game.

With respect to the violation of the Stipulation resulting from the advertisement of the trademark BIOCIDIN in the newspapers, the record shows that the error was promptly and voluntarily corrected by Dart. The Court of Appeals perceptively disposed of Plaintiff's description of the violation by noting that "The BIOCIDIN advertisement was apparently an error on the part of the advertising agency for Dart, but the Court ruled that Dart was legally responsible for the acts of the agency." (Slip Opinion, page 3).

With respect to the violation of the Decree, Plaintiff lays great stress upon Dart's negligence and failure to correct the error promptly and effectively. In effect, Plaintiff is asking that Dart be enjoined from using its trademark BIOVIDON to prevent Dart's negligence from occurring again. This argument is totally fallacious because negligence as such is not enjoinable.

Plaintiff seems to argue that since the name BIOVIDON may be

mis-spelled BIOVIDIN, it should not be used at all. But assume the name ASPIRIN and the same result is possible. It is just as likely that negligence could result in the spelling ASPIDIN, and this would violate an injunction through the use of the forbidden syllable DIN. More specifically, assume Dart used the words BIODON or BIOCIN, both of which are allowed under the Stipulation (JA 36-37), an error in one letter in either of such words could result in both being spelled BIODIN. Clearly, any word can be mis-spelled. This should not be the basis for injunctive relief which (1) goes beyond the Stipulation and (2) would require a hearing if the substantive question of public confusion were in issue.

Particularly is this so where, as in the case at bar, the mis-spelling is of no benefit to the party against whom an injunction is sought. With the exception of the mislabelled shipment, Dart has at all material times sold its product under the name BIOVIDON, and, as a result, consumer identification, an important element in any sales program, has coalesced around that name. Use of the name BIOVIDIN, therefore, rather than conferring a benefit defeats this consumer identification which has been established through the expenditure of much advertising effort. Clearly there is no basis for an assumption that Dart would willfully mis-spell the name BIOVIDON.

In its Memorandum, Plaintiff again relies upon an argument which was rejected by the United States Court of Appeals. Such argument is that "an infringer, once found guilty of contempt, must adopt a name and dress for its product which is dissimilar from that of the infringed trademark" (P. M., page 7). As noted by the Court of Appeals, Plaintiff relied mainly on two cases in support of this argument. (Slip Opinion, page 6). In rejecting Plaintiff's contention, the United States Court of Appeals stated:

"The Eskay and Stronghold cases are distinguishable. In both there was either an admission or an adjudication of unfair competition or trademark infringement. In the present case there has never been such an admission or adjudication. Dart did not agree and was not

ordered to refrain from 'further acts of unfair competition' or the use of 'colorable imitations' of CORICIDIN.¹³ On the contrary, as we have already indicated, both the stipulation and the decree of June 30, 1961, expressly and meticulously listed the impermissible syllables and combinations of syllables. BIOVIDON was not included.

'Consent decrees, as their name implies, are the result of an agreement, sometimes precedently expressed in formal stipulation, and sometimes . . . solely in the decree itself. They are to be read within their four corners, and especially so because they represent the agreement of the parties, and not the independent examination of the subject-matter by the court. They are binding only to the extent to which they go. Neither court nor party can write in them what is not there, and thus change what was agreed upon between the parties.'

Star Bedding Company v. Englander Company, supra, 239 F. 2d at 546.

We cannot say that Dart's use of BIOVIDON would 'render ineffective' the decree, as in Eskay, or result in the continuation of any confusion to the purchasing public, as in Stronghold."

13. Footnote omitted.

(Slip Opinion, pages 7-8).

Finally, Plaintiff contends that the injunction in this case was in fact based upon this Court's consideration of the alleged need to enjoin the use of the trademark BIOVIDON in order to insure obedience to this Court's Decree and to prevent future violations of the trademark rights of Plaintiff (Pl. M., page 12). With respect to the consideration given by this Court to the basis for its Decree, Defendant's counsel may only rely upon the proceedings and record in this case. The Order in this case which was appealed from relates specifically to acts of unfair competition and trademark infringement. Indeed, the Order appears to constitute a finding of fact that Defendant's use of the trademarks BIOCIDIN, BIOVIDIN

and BIOVIDON constituted acts of unfair competition and trademark infringement, since the specific prohibitions are labelled as such in the Order (JA 111). Thus, it appears that Plaintiff misconceives the consideration given by this Court to the basis for the issuance of the injunction. ^{1/}

Arent, Fox, Kintner, Plotkin & Kahn
By /s/ Robert Hirsch

[Certificate of Service:]

^{1/} An example of Plaintiff's misconception is found in its contention that this Court's action was taken "to prevent future violations of the trademark rights of Schering. . ." (Pl. M., page 12). This Court has not adjudicated the question of Plaintiff's trademark rights. Therefore, in the absence of a hearing on the question of trademark infringement, the Plaintiff's trademark rights have no relevancy.

TRANSCRIPT OF HEARING ON MOTION

1

Washington, D. C.
Friday, September 13, 1963.

The above-entitled matter came on for hearing on motion to request further findings before the HONORABLE EDWARD A. TAMM, United States District Judge.

* * * * *

3

PROCEEDINGS

THE DEPUTY CLERK: No. 4, Schering Corporation versus Dart Drug Corporation.

ARGUMENT IN SUPPORT OF MOTION

MR. SIMON: If the Court please, I am William Simon. I represent the plaintiff in this case and I have but a few comments.

In this Court's prior decree, you prohibited the defendants from the

use of the word "Biovidon". The Court of Appeals expressly held that it was proper for you to prohibit the use of the word "Biovidon" by the defendants if this Court felt that that was necessary to prevent future violations of the decree.

The Court of Appeals also held that that finding could be made on the present record; but they further held that this Court had not expressly found that the prohibition against the use of the word "Biovidon" was found by this Court to be necessary to prevent future violations, although holding that it was legally proper for you to do so and the record would sustain it.

It is our view that in the prior hearing, Your Honor intended to prohibit the use of the word "Biovidon" as a means of preventing future violations because you expressly found that their violation was contumacious and that they apparently had no intention of complying with the prior decree
4 of this Court.

So, we have moved here for a finding by this Court which we think was intended in the original decision and which the Court of Appeals apparently thought was intended but, because you had not clearly made that finding in the prior decree, said should be made by this Court and they have already held that if made by the Court, would be valid and proper.

ARGUMENT IN OPPOSITION TO MOTION

MR. HIRSCH: If Your Honor please, I am Mr. Hirsch.

I appreciate, of course, that the Court of Appeals' intention is best expressed in its opinion. I would merely comment that I don't believe that there is any suggestion in the Court of Appeals opinion that the injunction would lie in this case. In fact, the Court specifically said:

"We cannot say that Dart's use of Biovidon would 'render ineffective' the decree, as in Eskay" -- that was a case that had been cited -- "or result in the continuation of any confusion to the purchasing public, as in Stronghold" -- another case which had been cited.

The opening which was left in this case for this Court's resolution

as urged by the plaintiff came about because, as the Court of Appeals
5 pointed out:

"Schering also argues that enjoining Biovidon was necessary to assure Dart's compliance with the prohibition against Biovidin."

The Court then proceeded to state what Schering's argument seemed to be based upon, but made it clear that the Court of Appeals did not advise that this Court do any of the inferences which Schering argued in the Court of Appeals.

Therefore, I would strongly urge that this Court not feel in any sense that the Court of Appeals has recommended, urged or even thought that in this particular case, the injunction would be proper.

Secondly, Mr. Simon did mention very briefly his thought as to Your Honor's intention in granting the injunction in this case. I, of course, have no way of knowing what Your Honor's intention was. I would, however, call the Court's attention to the order issued by this Court. It appears on page 111 of the Joint Appendix near the bottom of the page where the defendants are "enjoined and restrained from any and all further acts of unfair competition and trade mark and trade name infringement including those arising from their use of the trade names 'Biocidin', 'Biovidin' and 'Biovidon' or any other simulation or colorable imitation of plaintiff's products bearing the trade mark 'Coricidin'."

6 It would appear to me, Your Honor, that the order was predicated upon an apparent belief that there had been a trade mark infringement because Your Honor enjoined Dart from acts of unfair competition and trade mark infringement. This is specifically the type of injunction which the Court of Appeals held would not be permitted in the absence of a hearing as to confusing similarity.

As I indicated, of course, Your Honor may have had something else in mind but the language of the order would not bear that out.

Thank you.

THE COURT: Anything more?

MR. SIMON: No, Your Honor.

THE COURT: I will reread the Court of Appeals opinion in this case in the light of your presentation this morning and then take appropriate action on this matter.

MR. HIRSCH: Thank you, Your Honor.

(Whereupon, the hearing on motion was concluded.)

[Filed September 17, 1963]

ORDER

Amendment to Findings of Fact
and Decree of June 22, 1962

Upon request of plaintiff for findings of fact in addition to those made and stated in the Court's Findings of Fact and Decree dated June 22, 1962, and upon consideration of the whole record, it is hereby ordered that the Order and Decree of June 22, 1962 is amended as follows:

Immediately following the paragraph numbered "4" the following is added:

5. The prior decree of this Court, as well as the Court-approved stipulation between the parties, prohibited the defendants from using the names BIOCIDIN and BIOVIDIN on their pharmaceutical products.
6. In renaming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name so as to prevent the likelihood of future violations of the rights of the plaintiff and the orders of this Court. BIOVIDON is but one letter away from the prohibited name BIOVIDIN. BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance.
7. The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical

supplier and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties.

8. A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the order of this Court.

The paragraph numbered "5" in the present Findings of Fact and Decree is re-numbered paragraph 9.

/s/ EDWARD A. TAMM
United States District Judge

DATED:

[Filed October 14, 1963]

NOTICE OF APPEAL

Notice is hereby given that Defendants Dart Drug Corporation; Dart Drug Corporation of Maryland; Dart Drug Corporation, Downtown; Dart Distributing Corporation; Dart Drug Corporation, Conn. & K.; Dart Drug Corporation, Bethesda; Dart Drug Corporation, Alexandria; Dart Drug Corporation, 13th & F.; Dart Drug Corporation, 11th & E.; and Herbert H. Haft, hereby appeal to the United States Court of Appeals for the District of Columbia Circuit from the following Decree entered in the above-entitled action by the United States District Court for the District of Columbia on June 22, 1962, as amended and filed with the Clerk of the United States District Court for the District of Columbia on September 17, 1963. The Decree from which said Defendants are appealing is as follows:

ORDERED that the Defendants, and each of them, and their respective officers, agents, servants, employees, the successors or assigns of any of them, or any firm which is a parent or is owned or controlled

by any defendant, or by anyone affiliated or associated with, or claiming under or through any defendant, be and the same hereby are enjoined and restrained from any and all further acts of unfair competition and trademark and trade name infringement including those arising from their use of the trade name ... "BIOVIDON" ..."

ORDERED that the Defendants, within ten (10) days of the date of this Order, file with the Clerk of this Court an affidavit showing that Defendants have destroyed all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery and all other material, printed or otherwise, in the possession of or under the control of the Defendants bearing the designation ... "BIOVIDON" ... thereon."

On July 6, 1962, Defendants filed a Notice of Appeal from the aforesaid Decree entered on June 22, 1962. In connection with the filing of such Notice of Appeal, the United States District Court for the District of Columbia Circuit entered an Order dated July 2, 1962 staying that portion of the Court's Decree enjoining Defendants from the use of the trade name "BIOVIDON" and requiring them to destroy all BIOVIDON material in their possession pending the outcome of Defendants' appeal therefrom and, if necessary, for ten (10) days after a final Order has been entered on appeal. In the same Order a supersedeas bond in the amount of \$2500.00 was approved for filing pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with the aforesaid stay.

On June 13, 1963, the United States Court of Appeals for the District of Columbia Circuit reversed the aforesaid Decree insofar as it prohibits the use of the trade name "BIOVIDON", but stated that its reversal did not bar Plaintiff from further efforts in the United States District Court for the District of Columbia Circuit to enjoin Defendants' use of "BIOVIDON" either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the Decree of June 30, 1961, in order to prevent future violations.

On July 5, 1963, Plaintiff filed a Request for Additional Findings of Fact to Support This Court's Order of June 22, 1962. On September 17,

1963, an Order was entered amending this Court's Order and Decree of June 22, 1962.

The supersedeas bond which Defendants have secured pursuant to the aforesaid Order of July 2, 1962 is still in effect as is the Stay granted by this Court on July 2, 1962. Accordingly, Defendants have not filed a new Motion for Stay and Approval of Supersedeas Bond.

/s/ Robert Hirsch
Attorney for Defendants

October 14, 1963

[Certificate of Service:]

[Filed October 18, 1963]

RESPONSE TO NOTICE OF APPEAL

On October 15, 1963, counsel for Schering Corporation, Plaintiff herein, received a Notice of Appeal filed by Dart Drug Corporation, et al., Defendants. In the Notice of Appeal it is stated: "The supersedeas bond which Defendants have secured pursuant to the aforesaid Order of July 2, 1962 is still in effect as is the Stay granted by this Court on July 2, 1962. Accordingly, Defendants have not filed a new Motion for Stay and Approval of Supersedeas Bond."

In the original Order of Stay granted by the District Court (dated July 2, 1962), that portion of the Order subject to appeal was "stayed pending the outcome of said Defendants' appeal therefrom and, if necessary, for 10 days after a final Order has been entered on appeal."

The appeal in this matter was disposed of on June 13, 1963, when the Court of Appeals reversed and remanded the proceedings to the District Court. Accordingly, the Stay Order of the District Court expired ten days later on June 23, 1963.

It is our further understanding that the supersedeas bond was effective only for the taking of the appeal to the Court of Appeals. It, too, would have expired after the disposition of the appeal.

For these reasons, we believe (1) that there is no outstanding order staying the portion of the Order from which defendants have now filed their Notice of Appeal, and (2) that the supersedeas bond filed on July 6, 1962, is not in effect to cover a new appeal.

The original Order of this Court (dated June 22, 1962), in accordance with established precedents, awarded costs, attorneys' fees and expenses to the Plaintiff. The amount awarded included only the costs, fees and expenses incurred by the Plaintiff for the handling of the contempt proceeding before the District Court and did not include such expenditures for the subsequent proceedings. Plaintiff will make application for such costs, fees and expenses as soon as this matter is terminated.

Respectfully submitted

/s/ William Simon

/s/ John Bodner, Jr.

* * *

Attorneys for Plaintiff

Of Counsel:

Abraham M. Lowenthal

* * *

Dated: October 18, 1963.

[Certificate of Service:]

[Filed October 25, 1963]

**MOTION FOR STAY AND APPROVAL OF
SUPERSEDEAS BOND**

Defendants Dart Drug Corporation, et al., respectfully move this Court for a stay of execution of that part of its Decree of June 22, 1962, as amended by an Order filed with the Court on September 17, 1963, which enjoins said Defendants from the use of the trade name BIOVIDON and which orders said Defendants to destroy by July 2, 1962 all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery, and all other material, printed or

otherwise, in the possession of or under the control of the Defendants bearing the designation BIOVIDON. That portion of the Order requiring Defendants to destroy certain items by July 2, 1962 was stayed pending an appeal from the aforesaid Decree of June 22, 1962. Following the reversal by the United States Court of Appeals for the District of Columbia Circuit of the Decree of June 22, 1962, this Court entered an Order on September 17, 1963 which has the effect of again requiring Defendants to destroy the above-mentioned items. Defendants are requesting this stay so that they may appeal the Order of June 22, 1962, as amended by the Order of September 17, 1963, enjoining them from using the trade name BIOVIDON and requiring them to destroy the BIOVIDON material to the United States Court of Appeals for the District of Columbia Circuit.

Defendants also respectfully move this Court to approve a superseas bond in the amount of \$2,500.00 which said Defendants will file pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with their request for stay.

/s/ Robert Hirsch
Attorney for Defendants

October 24, 1963

[Certificate of Service:]

[Filed October 25, 1963]

MEMORANDUM OF POINTS AND AUTHORITIES

1. On June 22, 1962, United States District Judge Edward A. Tamm entered his Findings of Fact and Decree in the above-entitled matter.
2. On June 13, 1963, the United States Court of Appeals for the District of Columbia Circuit reversed the above-mentioned Decree.
3. On September 17, 1963, United States District Judge Edward A. Tamm entered an Order amending the Findings of Fact and Decree of June 22, 1962.

4. Embodied in the aforesaid Decree, as amended, is an Order enjoining the Defendants from the use of the trade name BIOVIDON. In conjunction therewith, the Court ordered Defendants to destroy all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery, and all other material, printed or otherwise, in the possession or under the control of the Defendants bearing the designation BIOVIDON within ten days of the date of its Order.

5. Defendants do not feel that their continued use of the trade name BIOVIDON, pending the outcome of the appeal, will result in any damage to Plaintiff. Accordingly, Defendants submit that a bond in the amount of \$2,500.00 should be sufficient.

Respectfully submitted,

/s/ Robert Hirsch

Arent, Fox, Kintner, Plotkin & Kahn

* * *

Attorneys for Defendants

[Filed October 28, 1963]

**OPPOSITION TO DEFENDANTS' MOTION FOR
STAY AND APPROVAL OF SUPERSEDEAS BOND**

On October 25, 1963, Plaintiff was served with a copy of Defendants' motion to stay this court's order of June 22, 1962, as amended on September 17, 1963, pending another appeal from that part of the court's order requiring Defendants to cease using the name BIOVIDON.

Defendants took an appeal from that part of this court's original order requiring the discontinuance of the use of the name BIOVIDON. On review, the Court of Appeals reversed but stated that such prohibition could be reinstated upon the District Court's making additional findings "based upon the present record of the contempt proceeding." After the submission of memoranda and oral presentation, this court, on September 17, 1963, made such findings on the basis of the record of the contempt

proceeding and entered an amendment to its Findings of Fact and Decree of June 22, 1962.

While Defendants opposed the entry of the order of amendment, they offered no new grounds for such opposition, either in their memorandum or oral presentation to the court. Thus it appears that all points and authorities which Defendants might raise on appeal were considered by the Court of Appeals on the first appeal.

It should be noted that the memorandum accompanying Defendants' motion for stay contains no statement of grounds for an appeal. Of course, Defendants have a right to lodge a new appeal from this court's order, but no grounds have been stated by the Defendants to justify a further staying of this court's order pending such appeal. Over sixteen (16) months have gone by since this court originally entered its order forbidding the use of the name BIOVIDON. A further delay would only frustrate the implementation of the Decree.

For these reasons, we submit that the Defendants' motion for stay and approval of supersedeas bond should be denied.

Respectfully submitted,

/s/ William Simon

/s/ John Bodner, Jr.

* * *

Attorneys for Plaintiff

OF COUNSEL:

Abraham M. Lowenthal

* * *

Dated: October 28, 1963

[Certificate of Service:]

[Filed October 30, 1963]

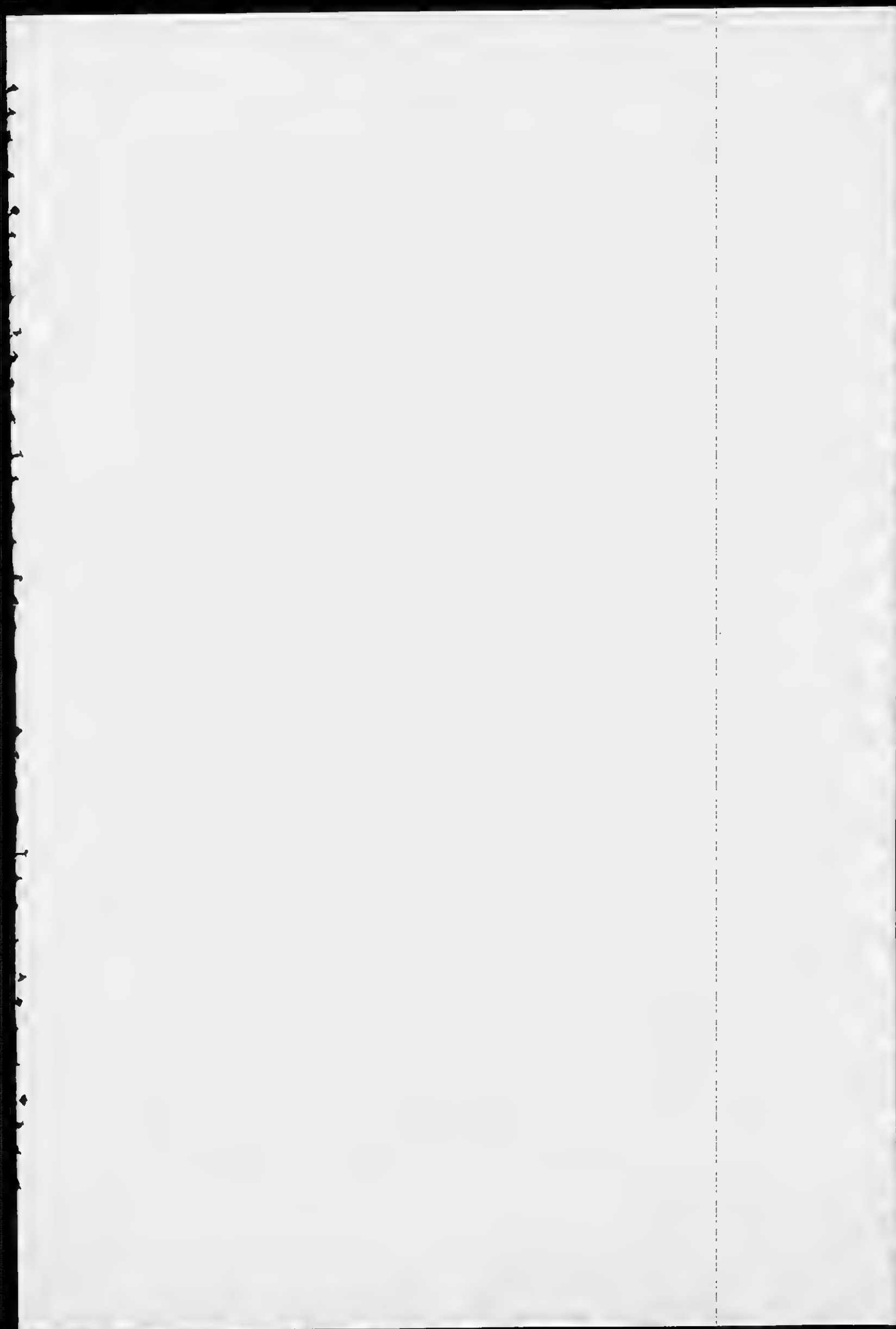
ORDER

Upon Motion of the Defendants and for good cause shown, that part of the Court's Decree entered into the above-entitled matter on June 22, 1962, as amended by an Order dated September 17, 1963, which enjoins and restrains said Defendants from the use of the trade name "BIOVIDON" and requires them to destroy all BIOVIDON material in their possession or under their control is hereby stayed pending the outcome of said Defendants' appeal therefrom and, if necessary, for ten days after a final Order has been entered on appeal.

A supersedeas bond in the amount of \$2,500.00 is hereby approved for filing pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with the aforesaid stay.

/s/ EDWARD A. TAMM
Judge

Dated: October 30, 1963.



JOINT APPENDIX

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States Court of Appeals
for the District of Columbia

FILED JAN 10 1964

Nathaniel G. Carlson
CLERK



United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

JOINT APPENDIX



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[Filed July 5, 1963]

UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF COLUMBIA

SCHERING CORPORATION,)	
)	
Plaintiff,)	
)	
vs.)	Civil Action
)	
DART DRUG CORPORATION, et al.,)	No. 202-60
)	
Defendants.)	

REQUEST FOR ADDITIONAL FINDINGS
OF FACT TO SUPPORT THIS COURT'S
ORDER OF JUNE 22, 1962 AND MEMO-
RANDUM IN SUPPORT THEREOF

On June 22, 1962 United States District Judge Tamm enjoined Dart Drug Corporation et al. from using, among other names, BIOVIDON, on their pharmaceutical products. Although Dart was fined, ordered to pay Schering's attorneys' fees and expenses and to henceforth avoid the use of the trade names "BIOCIDIN," "BIOVIDIN" and "BIOVIDON," an appeal was taken by Dart, questioning only that portion of the District Court's Order which prohibited the use of the trade name "BIOVIDON." On June 13, 1963 the United States Court of Appeals for the District of Columbia Circuit announced its decision in this case.

The District Court's decree was reversed in so far as it prohibited the use of "BIOVIDON," but the Court of Appeals stated:

" . . . This will not bar Schering, however, from further efforts below to enjoin Dart's use of BIOVIDON . . . as . . . a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations"¹

¹ The Court noted that the decree of June 22, 1962, which it was reviewing, provided that the earlier decree dated June 30, 1961 "be and the same hereby is reaffirmed and incorporated herein by reference thereto"

The Court also stated that the District Court's order could be supported on the basis of findings "based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt." (Slip Opinion, page 9)

Schering hereby requests that the Court make such additional findings as are required to support the order of June 22, 1962. The proposed findings and a memorandum supporting this request are attached.

Respectfully submitted,

/s/ William Simon
William Simon

/s/ John Bodner, Jr.
John Bodner, Jr.

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Attorneys for Plaintiff

Date: July 5, 1963

MEMORANDUM IN SUPPORT OF PLAINTIFF'S
REQUEST FOR ADDITIONAL FINDINGS OF FACT
TO SUPPORT THIS COURT'S ORDER OF JUNE 22, 1962

Preliminary Statement

This case originated as a trademark infringement and unfair competition suit by Schering Corporation (Schering), the owner of the trademark CORICIDIN for cold remedy products, against Dart Drug Corporation, et al. (Dart), which adopted the imitative name BIOCIDIN for similar products. By court-approved stipulation settlement, Dart agreed to discontinue the use of the name BIOCIDIN and to adopt a dissimilar name without certain specified syllables, including "DIN." Thereafter, Dart committed a series of violations of the court-approved stipulation and, as it later became, the formal decree of this Court, by repeatedly using trade names for its products with the prohibited syllable "DIN."¹

A. First Hearing on Violation

Under the terms of the stipulation, (JA 36-39) Dart had 90 days within which to discontinue the use of the name BIOCIDIN and to adopt another name for its products. The stipulation further provided that on a violation of its provisions a court decree would issue against Dart. On February 21, 1961, Dart, by memorandum, advised its store personnel that it was changing the name from BIOCIDIN to BIOVIDIN. (JA 45) BIOVIDIN, with the syllable "DIN," clearly violated the court-approved stipulation. Schering immediately wrote Dart stating this fact, and Dart replied that Schering had been misadvised; and shortly thereafter it changed BIOCIDIN to BIOVIDON,² not BIOVIDIN. (JA 46-47) The Dart memorandum of February 21, 1961 (see copy at JA 45) shows conclusively that Schering had not been misadvised.

¹ Before the Court of Appeals, Dart filed a joint appendix which contained the essential pleadings in this matter. For convenient reference, we have filed a copy of that appendix with the Court and refer to the pleadings contained therein by use of the symbol "JA."

² BIOVIDON was not one of the names listed in the stipulation that Dart indicated that it was considering as the new name. (JA 36-37)

On April 27, 1961, Dart ran advertisements in the Washington Post and the Washington Evening Star using the name BIOCIDIN, in open violation of the stipulation. Shortly thereafter, on May 5, 1961, Schering, pursuant to the reservation of jurisdiction by the District Court in the court-approved stipulation, filed a motion in the District Court for the entry of a decree by that Court on the grounds of the two violations described above as expressly provided for in the Decree. (JA 40-49) This motion came on for hearing before Judge McLaughlin, who on June 30, 1961, entered a decree finding:

"The Court further finds that the defendants have thus violated the provisions of the stipulation of January 12, 1961, accepted and approved by this Court on that date." (JA 52)

Dart was then enjoined, this time by decree of the District Court, from, inter alia, using the name BIOCIDIN or any other trade name "which includes any syllable which is identical to any of the following syllables . . . : (1) COR, (2) CI, (3) CID, (4) DIN, (5) SCHER, (6) RING" in the sale of any products similar to CORICIDIN. (JA 52)

B. Second Hearing on Violation

Approximately 10 months later, on April 26, 1962, Schering filed a further motion to adjudge Dart in contempt for violation of the Court decree entered by Judge McLaughlin. (JA 53-60) That motion, as amended, alleged that on April 25, 1962, Dart offered for sale at 3 of its retail drug stores cold tablets labeled BIOVIDIN, in violation of the Court's decree. (JA 58-60) Dart answered, admitting under oath that it had purchased cold tablets improperly labeled BIOVIDIN, but it stated that none of these mislabeled products had reached the public through its retail stores. (See JA 65) Still later, Dart answered the amended motion, and this time it attached two supporting affidavits by its company officers Shipe and Eidelman. (See JA 66) In those affidavits, the men told this Court that a physical check of all Dart retail stores on April 26, 1962 revealed only 67 bottles of cold tablets improperly labeled "BIOVIDIN" in three of the stores and those bottles were removed from

those stores. The other eleven stores, according to the affidavits, did not have any of the "BIOVIDIN" tablets. On May 31, 1962, over a month after the "check of all retail stores" by Dart personnel, the motion for contempt came on for hearing before this Court, Judge Tamm sitting. At that time it was revealed that on that date "BIOVIDIN" tablets were physically displayed in at least one Dart outlet. Further, as Schering's counsel informed the Court:

"In addition, we submitted written interrogatories. We asked them what they did with the wrong labelled pills after they found out about it. Their answer to the interrogatories filed only on Tuesday discloses that when they went to checking after we filed our motion, they found the mislabelled pills in three stores but one of the three stores is located at 18th & Columbia Road where they found 26 bottles of the pills -- the mislabelled pills. The three stores at which we purchased the mislabelled pills are all in the downtown area, so that if the 18th & Columbia Road store had mislabelled pills, this is a fourth store, and we know for sure that the store at 17th & K had mislabelled pills which is a fifth store. So that at a minimum there were five stores that had the mislabelled pills, although two affidavits on file here say that there were only three stores and affirmatively state none of the other 11 had mislabelled pills." (JA 66)

Schering next offered a photograph of a display window taken at a fourth Dart drug store showing a large display of tablets bearing the name BIOVIDIN, and offered to prove that the situation represented by that photograph existed even as of the very day of the hearing, notwithstanding Dart's affidavits of two weeks earlier that all BIOVIDIN tablets had been withdrawn from sale. (JA 66) As to this violation, Dart's officials at the hearing testified that they did not know how many improperly labeled white tablets had been purchased, how many of the Dart stores had received them, or how many bottles of the product still remained on the shelves of the stores. They admitted that as early as January 1962 they knew that they had received a shipment of their product labeled "BIOVIDIN" and that as late as the hearing date in May

BIOVIDIN-labeled products were still being displayed in at least one store. (See testimony of Haft, President of Dart (JA 90-98), and Shipe, Vice President of Operations of Dart (JA 99-100)).

When Judge Tamm asked counsel for Dart, "How can the Court have any assurance in the accuracy of your affidavits? If this type of thing can occur in one display, doesn't it suggest -- and I suppose that is the purpose for which counsel offers it -- that the Court should not place much reliance upon your affidavits?", he replied, "The point is certainly well-taken. I can't quarrel with it unduly." (JA 82-83)

After the evidence disclosed the errors of the Dart affidavit and the existence of the window display of illegally labeled merchandise, Dart's President, when asked how many stores got the product labeled BIOVIDIN, testified, "I would say all the stores received it." (JA 92)

At the conclusion of the hearing, this Court ruled that Dart had "indicated a disinterest in, in fact, a disregard for the provisions" of the stipulation and decree of the Court. Referring specifically to "the fact that as recently as today, the prohibited name 'Biovidin' has appeared on merchandise in at least one of the defendant's windows," the Court stated that "upon the complete testimony and the exhibits," it must conclude that the violation was "contumacious in the sense that . . . (Dart) has not effectively attempted to comply with the Court Order. Under the circumstances," Judge Tamm concluded, "I believe the Court is required to adjudicate this defendant in contempt of Court." (JA 102)

Because of the record of repeated violations of the Court's orders and the seriousness of the offense, this Court imposed a fine, awarded attorneys' fees and expenses, and enjoined Dart from all further acts of trademark infringement and unfair competition, including those arising from the use of the trade names BIOCIDIN, BIOVIDIN and BIOVIDON. (JA 111)

THE APPEAL

On July 2, 1962, Dart filed a notice of appeal challenging the decree of the Court insofar as it prohibited the use of the name BIOVIDON. (JA 116) The appeal did not challenge the fine, the award of attorneys' fees and expenses, or any other provision of the decree.

Dart's sole contention on appeal was that "the District Court erred in enjoining the use of the trade name BIOVIDON in the absence of any evidence that BIOVIDON was confusingly similar to the trade mark CORICIDIN." (Quoted from Statement of Question Presented, Dart's appeal brief, p. i).

In response on appeal, Schering pointed out that the decree was not based upon a trial and adjudication of trade mark infringement and unfair competition, but upon a finding and judgment of contempt for violation of an order of the Court. Thus the only question was whether the relief granted was reasonable to protect the trade mark rights of the owner of CORICIDIN and to insure future obedience to the decree of the Court.

In the law on relief in trademark infringement and unfair competition, it is well settled that an infringer, once found guilty of contempt, must adopt a name and dress for its product which is dissimilar from that of the infringed trademark. The law is summarized by one leading authority as follows:

"In a contempt proceeding one who has been found guilty of unfair competition must do more than see how close he can with safety come to the name or dress he was enjoined from using on his goods. He must 'get well away from the dividing line between violation of and compliance with the injunction.'" Nims, "Unfair Competition and Trade-Marks",² 1188 (4th Ed. 1947)

Schering pointed out that this Court, applying these principles, granted an injunction against the further use of a trade name which gave rise to repeated violations of this Court's orders. That trade name BIOVIDON was not easily distinguishable from the prohibited names BIOVIDIN and BIOCIDIN; and indeed BIOVIDON represented as close an approximation to the prohibited names as human ingenuity could devise.

Accordingly, it was proper and reasonable for the District Court to conclude that effective relief to protect the trademark rights of Schering from future violations required that Dart be enjoined from further use of the name BIOVIDON.

Dart no longer contests that its use of BIOVIDON resulted in a series of violations of the Court-approved stipulation and this Court's first decree. In the hearing before Judge Tamm, Dart admitted that it flagrantly disobeyed this Court's orders, but it sought to explain these violations by attributing them to "errors" and "mistakes" of others while nevertheless conceding its responsibility for their actions. (JA 71,104) By its very explanations, Dart only confirmed the need for the relief granted by this Court.

The first violation -- the bulletin announcing BIOVIDIN as the new name -- was supposedly an error of the office personnel. (JA 74-75; also 63) The second violation -- the advertisements of BIOCIDIN in the two newspapers -- was attributed to "an obvious definite error on the part of the advertising agency." (JA 75) The third and fourth violations -- the red and white tablets labeled BIOVIDIN -- were allegedly due to the "error" and "mistake" of the drug supplier. (JA 73-74; 76-77, 84) Dart admitted that it did not detect the illegally labeled product and that it reached its own retail stores. (JA 72-73) But, Dart claimed, when it learned of the mislabeled merchandise, it issued instructions, first in February and again in April, to its store managers to physically check and remove all BIOVIDIN-labeled products. (JA 76-77, 83, 92-93) Despite these efforts, Dart still failed to detect and remove all the mislabeled merchandise. (Ibid.; also JA 98) As for the window display of BIOVIDIN, Dart explained that "we just missed it and we are sorry for that." (JA 82) As further explanation, Dart stated that even the warehouse manager and another person went to all the stores to check specifically the window displays but "they apparently missed this one." (JA 83; see also 92)

Surely these explanations, in sum, constitute a clear admission that the name BIOVIDON was so close to the names banned by the original

injunction that those persons handling the product could not avoid violating the decree. This was not only true for third parties such as the advertising agency and the drug manufacturer, but it was equally true for Dart's skilled personnel including its own professional pharmaceutical employees. Even when these people were specifically on notice of the illegally labeled products, they admittedly were unable to detect such products among their other merchandise because of the similarity of the name and appearance of the products. Dart's contention that the "errors" and "mistakes" were "inadvertent" only forcefully shows the inherent likelihood of their repetition if Dart is permitted to continue to use the name BIOVIDON.

On the other hand, the simple fact is that none of the violations would have occurred if Dart, after agreeing to change its name, had adopted a genuinely dissimilar name for its products. In view of this whole situation, it was correct for the Court to conclude that the only way to avoid a repetition of such violations was to enjoin the use of BIOVIDON and thereby require Dart to adopt a name that does not stand precariously balanced on the line between compliance with and violation of the injunction. (See JA 108)

In its decision, the Court of Appeals agreed that it was appropriate for the District Court to issue a decree with provisions necessary to insure Dart's compliance with this Court's order. (See Opinion, pp. 8-9) The Court of Appeals noted, however, that there was no specific finding of fact by the District Court that the provision against BIOVIDON was "a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations." (Opinion, p. 9) Since the Appellate Court felt that it should not perform the "task of the factfinder," it said that it would be proper for Schering to return to the District Court to request that findings be made "based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt."

THE BASIS OF THE COURT'S DECREE PROVISION AGAINST
BIOVIDON

As shown above, the evidence taken at the contempt hearing established beyond question that effective relief required the prohibition against BIOVIDON. Moreover, after the adjudication of contempt Schering submitted proposed findings of fact and a proposed decree. A hearing was then held on the proposed findings and decree (see JA 103-109); and at that hearing counsel for Dart stated:

"We concede that . . . [Dart] evidenced or indicated a disinterest in effectively complying with the decree; but if Your Honor will recall the facts here, the cause of the error was inadvertent. The problem the defendant ran into was its failure to correct the error once it occurred." (JA 104)

By Dart's own words it is clear that effective relief required that Dart adopt and use a name for their products dissimilar to those used in the past and one that would not lend itself to future violations. Directly on this point, Dart objected at the hearing to the provision against the use of BIOVIDON on the theory that it was not "confusingly similar" to CORICIDIN. (JA 106) When counsel for Schering made his response, the Court specifically asked about this very objection of DART:

THE COURT: What do you say about his objection to "Biovidon" being included?

MR. SIMON: Your Honor, I think the only reason that we have been here in Court is that they have tried so hard to get a name that didn't violate the express stipulation of a year ago and still came close to the name they were trying to

¹ The Court of Appeals also ruled that Schering could ask the District Court to enjoin Dart's use of BIOVIDON as unfair competition and trademark infringement by introducing evidence of the likelihood of confusion at a hearing. (Opinion, p. 9) But since the decree is supportable on the first ground, to insure obedience and to prevent future violations of the Court's decree, Schering is not asking in this instance that such a hearing be held.

simulate. But they have walked up to the line and stepped over it and now it seems to me that it is time for them to get a name that is sufficiently different from ours that it doesn't lend itself to the kind of inadvertent or advertent errors that they have been in.

THE COURT: You did not include the "don" in your request for relief previously, did you?

MR. SIMON: The complaint, of course, broadly asked that they be enjoined from using any name that infringed our trademark. At the time of the settlement, we limited ourselves to the 'din' in the settlement order and Judge McLaughlin's decree followed the settlement order; but we reserved, by the agreement, the right to the broad relief in the complaint.

While we don't ask Your Honor to just say we get all the relief in the complaint, we have spelled it out to broaden the relief of the settlement so that they will not have a word that is so close to ours so as to encourage or permit what happened in this instance. (JA 108)

Based on this hearing, the provision against the use of BIOVIDON was included in the final decree entered by this Court. Thus, in the clearest possible terms, this Court gave consideration to the objection of Dart to this provision in the decree; and it also considered the evidence showing that such a provision was required to insure obedience to this Court's decree and to prevent future violations of the trademark rights of Schering and the orders of this Court.

SUPPLEMENTAL FINDINGS OF FACT

For the foregoing reasons, it is respectfully requested that the Court supplement its "Findings of Fact and Decree" of June 22, 1962 by making the following additional findings of fact based upon the record of the contempt proceeding:

1. The prior decree of this Court, as well as the Court-approved stipulation between the parties, prohibited the defendants from using the names BIOCIDIN and BIOVIDIN on their pharmaceutical products.

2. In renaming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name so as to prevent the likelihood of future violations of the rights of the plaintiff and the orders of this Court. BIOVIDON is but one letter away from the prohibited name BIOVIDIN. BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance.

3. The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical supplier, and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties.

4. A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the orders of this Court.

Attached herewith is a proposed order to supplement this Court's "Findings of Fact and Decree," of June 22, 1962, by adding the findings of fact set forth above.

[Certificate of Service]

[Filed July 5, 1963]

1

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 17217

DART DRUG CORPORATION, ET AL., APPELLANTS

v.

SCHERING CORPORATION, APPELLEE

Appeal from the United States District Court
for the District of Columbia

Decided June 13, 1963

Mr. Robert B. Hirsch, with whom Mr. Thomas Schattenfield was on the brief, for appellants.

Mr. John Bodner, Jr., with whom Mr. William Simon was on the brief, for appellee.

Before BAZELON, Chief Judge, FAHY and BURGER, Circuit Judges.

BAZELON, Chief Judge: Having adjudged appellants in contempt of an injunction in this trademark infringement suit, the District Court imposed a fine and entered a broadened injunction. Only a particular aspect of the enlarged restraint is challenged here.

The contempt arose in the following manner. On January 20, 1960, Schering Corporation, the manufacturer of a cold tablet bearing the trademark CORICIDIN, filed a complaint in the District Court to enjoin a chain
2 of stores known as Dart Drug Stores from marketing a cold tablet named

BIOCIDIN.¹ On January 12, 1961, the District Court approved a settlement stipulation of the parties and dismissed the complaint with prejudice. Under the stipulation Dart agreed not to use the word BIOCIDIN as a trademark or trade name on any of its own pharmaceutical products, or to use any other word containing certain syllables specifically listed therein. The syllable DIN was included in the proscribed list but the syllable DON was not. There was also a list of words, including BIODON, the use of which plaintiff agreed would not be in violation of the stipulation.² Thus the stipulation was carefully delimited. It did not contain any admission by Dart of trademark infringement or unfair competition nor did it prohibit "colorable imitations" of CORICIDIN or "further acts of unfair competition."³

A. First hearing, on violation of the stipulation.

In May 1961, after Dart had decided to rename its products BIOVIDON, a name not in violation of the stipulation, Schering charged that Dart had violated the stipulation by advertising for sale a cold tablet bearing the interdicted name BIOCIDIN. After hearing the District Court found, in a decree dated June 30, 1961, that on April 27, 1961, there

¹ The complaint alleged unfair competition and violations of the Lanham Act, 15 U.S.C. §§ 1051 et seq.

² The stipulation recited: "Defendants have advised the plaintiff that they are considering the use of either the trade name BIOCARE, BIOCOLE, BIODON, BIOCOLD, BIOPURE, BIOPRIN, BIOCIN, BIOCINE or BIONICOL [BIOCINOL?] and plaintiff agrees that the use of any such trade name or trademark shall not be deemed in violation of this stipulation."

³ The stipulation did, however, provide that the court would retain jurisdiction and, in the event of a breach by Dart, "enter a permanent injunction for the relief prayed for in the complaint, in the customary and usual form of an injunction in a suit for trade mark infringement and unfair competition. . . ."

appeared in the Washington Post "an advertisement of the defendants which used, advertised and referred to BIOCIDIN products" in violation of the stipulation.⁴ The court, noting that the stipulation provided for "a permanent injunction for the relief prayed for [in the original complaint]" upon a showing of a violation by Dart of the stipulation, thereupon enjoined Dart from using the name BIOCIDIN or any other name containing, *inter alia*, the syllable DIN.⁵ The decree did not include an adjudication that Dart had engaged in trademark infringement or unfair competition, nor did it enjoin colorable imitations of CORICIDIN or further acts of unfair competition.⁶

4 B. The second hearing, on violation of the injunction.

On April 26, 1962, Schering filed a motion to adjudge Dart in contempt for violation of the District Court's decree of June 30, 1961. The motion, as amended, alleged that on or about April 25, 1962, Dart offered for sale at three of its retail drugstores cold tablets named BIOVIDIN, a name in violation of the injunction because containing the syllable DIN.

At the contempt hearing, Dart did not deny the charge concerning sales of BIOVIDIN, or that these sales violated the injunction. It claimed only that the violations were not willful. To establish this claim Dart explained that one of its manufacturers had shipped a supply of BIOVIDON and BIOVIDON-DC (a related product) mislabeled BIOVIDIN and BIOVIDIN-DC. It also appeared that on the very day of the hearing a quantity of

⁴ The BIOCIDIN advertisement was apparently an error on the part of the advertising agency for Dart, but the court ruled that Dart was legally responsible for the acts of the agency.

⁵ In pertinent part the decree, differing only in wording from the stipulation, reads as follows: "[T]he defendants [are] enjoined . . . from at any time or in any manner using the name BIOCIDIN as a trademark or trade name for any pharmaceutical product manufactured, sold or marketed by them, . . . and they are further enjoined . . . from using any trade name or trademark in the marketing or sale of any product containing substantially the same formula of any CORICIDIN product listed on pages 2 and 3 of that certain Schering price list dated October 13, 1960, which includes any syllable which is identical to any of the following syllables or any combination of any of said syllables: (1) COR, (2) CI, (3) CID, (4) DIN, (5) SCHER, (6) RING; and these provisions shall also pertain to any phonetic sound identical to any of the above, such as using (1) K for S or C [K or S for C?] and (2) Y for I."

⁶ Cf. note 3 *supra*.

BIOVICIN-DC was still located in a window display in one Dart drugstore. Dart's counsel attributed the failure to remove this display to the crowded nature of Dart's window displays.

At the conclusion of the contempt hearing, the court found "that defendants have indicated by their conduct a disinterest in and a disregard for the provisions of the said Decree of this Court and that the defendants have violated the provisions of the said Decree of this Court and that the violation is contumacious in that defendants have not attempted effectively to comply with the said Decree of this Court." The court adjudged defendants in contempt and, in addition to other remedies not challenged on this appeal,⁷ enjoined defendants "from any and all further acts of unfair competition and trade mark and trade name infringement including those arising from their use of the trade names BIOCIDIN, BIOVIDIN and BIOVIDON or any other simulation or colorable imitation
5 of plaintiff's products bearing the trade mark CORICIDIN" ⁸
Cf. 15 U.S.C. §§ 1114(1)(a), 1116. In this appeal Dart challenges the decree only insofar as it enjoins the use of BIOVIDON,⁹ a word not expressly prohibited in whole or in part by either the stipulation or the decree of June 30, 1961.

We think that the word BIOVIDON could be enjoined only upon a determination either that (1) the use of BIOVIDON by Dart constitutes unfair competition to Schering or infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the decree of June 30, 1961, in order to assure future compliance.

⁷ The other remedies were a fine of \$500 plus the costs of the contempt proceeding, and an order that Dart pay to plaintiff attorneys' fees and expenses amounting to \$2896.37.

⁸ Dart was also ordered to submit an affidavit within ten days showing that it had "destroyed all goods, labels, signs, printed packages, [etc.] bearing the designation BIOCIDIN, BIOVIDIN and BIOVIDON or any other simulation or colorable imitation of plaintiff's said trade mark and trade name CORICIDIN thereon." Cf. 15 U.S.C. § 1116.

⁹ The District Court has granted a stay of "that part of the Court's Decree . . . which enjoins and restrains said Defendants from the use of the trade name 'BIOVIDON' and requires them to destroy all BIOVIDON material in their possession. . . ."

The District Court did not state its reason for prohibiting BIOVIDON. There was no evidence and the court made no finding that BIOVIDON is so similar to CORICIDIN that its use is likely to cause confusion in the minds of the purchasing public.¹⁰ Since "the same tests are applicable on the issue of violation as in issuance of an injunctive decree," there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement. Star Bedding Company v. Englander Company, 239 F.2d 537, 542 (8th Cir. 1957). Schering argues, however, that "BIOVIDON was as close to BIOCIDIN as human ingenuity could devise without violating the prohibitions [and] did not represent a good-faith attempt to use a dissimilar name so as to prevent any likelihood of confusion. . . ." For the proposition that Dart was required to keep far enough away from CORICIDIN "to avoid all possible confusion," Schering relies mainly on the cases of Eskay Drugs, Inc. v. Smith, Kline & French Laboratories, 188 F.2d 430 (5th Cir. 1951); and Independent Nail & Packing Co. v. Stronghold Screw Products, Inc., 215 F.2d 434 (7th Cir. 1954).

In Eskay, appellants Eskay Drugs, Inc., et al., were enjoined by a consent decree, which contained an admission of infringement, from using appellee Smith, Kline & French's trademark "Eskay" or any colorable imitation thereof on certain specified products. In a subsequent contempt hearing, the lower court ruled that "Enkay" was a colorable imitation of "Eskay" in violation of the earlier decree. The Court of Appeals for the Fifth Circuit affirmed, saying:

¹⁰ For purposes of the present case it is sufficient to state that confusion to the public is the essence of both trademark infringement, see 15 U.S.C. § 1114 (1), and unfair competition, see, e.g., McGraw-Hill Pub. Co. v. American Aviation Associates, Inc., 73 App. D.C. 131, 117 F.2d 293 (1940); Everest & Jennings, Inc. v. E & J Manufacturing Co., 263 F.2d 254 (9th Cir. 1958), cert. denied, 360 U.S. 902 (1959); Faciane v. Starner, 230 F.2d 732 (5th Cir. 1956), and we intimate no views as to the validity or applicability of various particular doctrines of unfair competition such as palming-off and dilution (see Champion Paper & Fibre Co. v. National Ass'n of Mutual Ins. Agents, 102 U.S. App. D.C. 10, 249 F.2d 525 (1957)).

Appellants, by the use of the word "Enkay," are trying to come about as close as is conceivably possible to a continuance of the use of the word "Eskay" If this court permitted such an act, it would render ineffective the consent decree

In the Stronghold case, supra, the Court of Appeals for the Seventh 7 Circuit had held in a previous appeal of that controversy¹¹ that defendant's use of a particular corporate name constituted trademark infringement and unfair competition, and had remanded the case for entry of an appropriate injunction.¹² On remand, the District Court entered a decree allowing the defendant to use a name very similar to the prohibited name. In the second appeal which followed and to which we refer here, the court said that it was "convinced that the confusion mentioned in our previous opinion will continue to exist if defendant is permitted to [use the revised name]." 215 F.2d at 437.

The Eskay and Stronghold cases are distinguishable. In both there was either an admission or an adjudication of unfair competition or trademark infringement. In the present case there has never been such an admission or adjudication. . Dart did not agree and was not ordered to refrain from "further acts of unfair competition" or the use of "colorable imitations" of CORICIDIN.¹³ On the contrary, as we have already indicated, both the stipulation and the decree of June 30, 1961, expressly and meticulously listed the impermissible syllables and combinations of syllables. BIOVIDON was not included.

¹¹ Independent Nail & Packing Co. v. Stronghold Screw Products, Inc., 205 F.2d 921 (7th Cir.), cert. denied, 346 U.S. 886 (1953).

¹² See also Independent Nail & Packing Co. v. Perry, 214 F.2d 670 (7th Cir. 1954).

¹³ We recognize that the decree below modifies the decree of June 30, 1961, so as to enjoin colorable imitations of CORICIDIN and that Dart has not appealed from that portion of the decree. But there has been no hearing upon which it could be determined whether BIOVIDON is a colorable imitation of CORICIDIN. Star Bedding Company v. Englander Company, 239 F.2d 537 (8th Cir. 1957).

8

"Consent decrees, as their name implies, are the result of an agreement, sometimes preceded by formal stipulation, and sometimes . . . solely in the decree itself. They are to be read within their four corners, and especially so because they represent the agreement of the parties, and not the independent examination of the subject-matter by the court. They are binding only to the extent to which they go. Neither court nor party can write in them what is not there, and thus change what was agreed upon between the parties." Star Bedding Company v. Englander Company, *supra*, 239 F.2d at 546.

We cannot say that Dart's use of BIOVIDON would "render ineffective" the decree, as in Eskay, or result in the continuation of any confusion to the purchasing public, as in Stronghold.

Schering also argues that enjoining BIOVIDON was necessary to assure Dart's compliance with the prohibition against BIOVIDIN. Its argument seems to be that the record supports an inference that the similarity between DIN and DON, BIOCIDIN and BIOVIDON, and BIOVIDIN and BIOVIDON confused Dart's employees, advertising agency and supplier and thereby caused the prohibited use of BIOVIDIN; hence compliance with the decree of June 30, 1961, could be assured only by prohibiting BIOVIDON.¹⁴ But we are not advised that the court drew any such inference. Since we cannot say with certainty that this is the reasonable inference which may be drawn, we would have to engage in what is essentially the task of the fact-finder to determine whether the

¹⁴ Cf. United States v. DuPont & Co., 366 U.S. 316 (1961); Hughes v. United States, 342 U.S. 353 (1952); Chrysler Corp. v. United States, 316 U.S. 556 (1942); United States v. Swift & Co., 286 U.S. 106 (1932); Elm Corp. v. E. M. Rosenthal Jewelry Co., 82 U.S. App. D.C. 196,203, 161 F.2d 902, 909 (1947); Food Fair Stores v. Food Fair, 177 F.2d 177, 185-86 (1st Cir. 1949); Chemical Corporation of America v. Anheuser-Busch, Inc., 306 F.2d 433 (5th Cir. 1962), *cert. denied*, 372 U.S. 965 (1963); Star Bedding Company v. Englander Company, 239 F.2d 537 (8th Cir. 1957); Coca-Cola Co. v. Standard Bottling Co., 138 F.2d 788 (10th Cir. 1943); International Silver Co. v. Oneida Community, 93 F.2d 437 (2d Cir. 1937).

action below may be supported. We decline to do this. Hughes v. United States, 342 U.S. 353 (1952).

The decree must therefore be reversed insofar as it prohibits the use of BIOVIDON. This will not bar Schering, however, from further efforts below to enjoin Dart's use of BIOVIDON either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations.¹⁵ See p. 5 supra. The first ground would require findings based upon an evidentiary hearing. See note 13 supra. The second ground would require findings, based upon the present record of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt. We intimate no opinion, of course, upon the questions which might thus be presented.

So ordered.

¹⁵ The decree we review herein provides that the earlier decree "dated June 30, 1961, be and the same hereby is reaffirmed and incorporated herein by reference thereto"

[Filed July 27, 1963]

**MEMORANDUM IN OPPOSITION TO PLAINTIFF'S
REQUEST FOR ADDITIONAL FINDINGS**

Defendants (Dart) oppose the entry of additional findings in this matter for the reasons hereinafter set forth.

On June 22, 1962, this Court entered its Order decreeing that Dart was guilty of contempt and, among other things, enjoining Dart " . . . from any and all further acts of unfair competition and trademark and trade name infringement, including those arising from their use of the trade names "Biocidin", "Biovidin", and "Biovidon" or any other simulation

or colorable imitation of Plaintiff's products bearing the trademark "Corcidin";" (JA 111).

Dart appealed the decision with respect to the above-stated injunction. On June 13, 1963, the United States Court of Appeals reversed the Decree insofar as it prohibits the use of BIOVIDON.

The United States Court of Appeals stated that Dart's use of the ". . . word BIOVIDON could be enjoined only upon a determination either that (1) the use of BIOVIDON by Dart constitutes unfair competition to or infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the Decree of June 30, 1961, in order to assure future compliance." (Slip Opinion, page 5).

With respect to the first ground, the Court of Appeals held that "there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement." (Slip Opinion, page 6). With respect to the second ground, the Court of Appeals stated that findings "described as essential" would be required, based upon the present record. (Slip Opinion, page 9). Plaintiff's Memorandum seeks to create the impression that the Court of Appeals believes that the entry of additional findings is warranted in this case. This clearly is not so. The Court of Appeals in fact stated "We intimate no opinion, of course, upon the questions which might thus be presented." (Slip Opinion, page 9).

The Court of Appeals notes that Plaintiff argued that the record supports an inference that "compliance with the Decree of June 30, 1961, could be assured only by prohibiting BIOVIDON." (Slip Opinion, page 8). (emphasis added) Significantly, the Court of Appeals rejected Plaintiff's argument, observing that it could not "say with certainty that this is the only reasonable inference which may be drawn . . ." and it "would have to engage in what is essentially the task of the fact-finder to determine whether the action below may be supported." (Slip Opinion, pages 8-9). (emphasis added)

It is submitted that the record in this case does not support a finding that enjoining the use of BIOVIDON is necessary as a remedy for past

violations of the Decree of June 30, 1961, in order to assure future compliance. Plaintiff's Memorandum (Pl. M.) attempts to create an atmosphere of flagrant, willful and bad faith action by Dart in support of its request for additional findings. Examination of the record does not justify the conclusions of Plaintiff's Memorandum. For example:

1. Plaintiff describes the name BIOCIDIN as imitative of the trademark CORICIDIN (Pl. M., page 1). This is not supported by the record.

2. Plaintiff asks for a finding that Dart "did not make a good faith effort to adopt a dissimilar name . . ." (Pl M., page 13). The agreement between the parties recognizing that words containing the syllables BIO and DON would not violate the Stipulation refutes Plaintiff's contention, (JA 36-37).

3. Plaintiff seeks to label Dart's action as constituting a series of repeated violations of the court-approved Stipulation and Decree of this Court. (Pl. M., pages 1-6). In fact, there was one violation of the Stipulation and one violation of the Decree of this Court. Manifestly, the continuing nature of the violation of the Decree should not be used to play a numbers game.

With respect to the violation of the Stipulation resulting from the advertisement of the trademark BIOCIDIN in the newspapers, the record shows that the error was promptly and voluntarily corrected by Dart. The Court of Appeals perceptively disposed of Plaintiff's description of the violation by noting that "The BIOCIDIN advertisement was apparently an error on the part of the advertising agency for Dart, but the Court ruled that Dart was legally responsible for the acts of the agency." (Slip Opinion, page 3).

With respect to the violation of the Decree, Plaintiff lays great stress upon Dart's negligence and failure to correct the error promptly and effectively. In effect, Plaintiff is asking that Dart be enjoined from using its trademark BIOVIDON to prevent Dart's negligence from occurring again. This argument is totally fallacious because negligence as such is not enjoinable.

Plaintiff seems to argue that since the name BIOVIDON may be

mis-spelled BIOVIDIN, it should not be used at all. But assume the name ASPIRIN and the same result is possible. It is just as likely that negligence could result in the spelling ASPIDIN, and this would violate an injunction through the use of the forbidden syllable DIN. More specifically, assume Dart used the words BIODON or BIOCIN, both of which are allowed under the Stipulation (JA 36-37), an error in one letter in either of such words could result in both being spelled BIODIN. Clearly, any word can be mis-spelled. This should not be the basis for injunctive relief which (1) goes beyond the Stipulation and (2) would require a hearing if the substantive question of public confusion were in issue.

Particularly is this so where, as in the case at bar, the mis-spelling is of no benefit to the party against whom an injunction is sought. With the exception of the mislabelled shipment, Dart has at all material times sold its product under the name BIOVIDON, and, as a result, consumer identification, an important element in any sales program, has coalesced around that name. Use of the name BIOVIDIN, therefore, rather than conferring a benefit defeats this consumer identification which has been established through the expenditure of much advertising effort. Clearly there is no basis for an assumption that Dart would willfully mis-spell the name BIOVIDON.

In its Memorandum, Plaintiff again relies upon an argument which was rejected by the United States Court of Appeals. Such argument is that "an infringer, once found guilty of contempt, must adopt a name and dress for its product which is dissimilar from that of the infringed trademark" (P. M., page 7). As noted by the Court of Appeals, Plaintiff relied mainly on two cases in support of this argument. (Slip Opinion, page 6). In rejecting Plaintiff's contention, the United States Court of Appeals stated:

"The Eskay and Stronghold cases are distinguishable. In both there was either an admission or an adjudication of unfair competition or trademark infringement. In the present case there has never been such an admission or adjudication. Dart did not agree and was not

ordered to refrain from 'further acts of unfair competition' or the use of 'colorable imitations' of CORICIDIN.¹³ On the contrary, as we have already indicated, both the stipulation and the decree of June 30, 1961, expressly and meticulously listed the impermissible syllables and combinations of syllables. BIOVIDON was not included.

'Consent decrees, as their name implies, are the result of an agreement, sometimes precedently expressed in formal stipulation, and sometimes . . . solely in the decree itself. They are to be read within their four corners, and especially so because they represent the agreement of the parties, and not the independent examination of the subject-matter by the court. They are binding only to the extent to which they go. Neither court nor party can write in them what is not there, and thus change what was agreed upon between the parties.'

Star Bedding Company v. Englander Company, supra, 239 F. 2d at 546.

We cannot say that Dart's use of BIOVIDON would 'render ineffective' the decree, as in Eskay, or result in the continuation of any confusion to the purchasing public, as in Stronghold."

13. Footnote omitted.

(Slip Opinion, pages 7-8).

Finally, Plaintiff contends that the injunction in this case was in fact based upon this Court's consideration of the alleged need to enjoin the use of the trademark BIOVIDON in order to insure obedience to this Court's Decree and to prevent future violations of the trademark rights of Plaintiff (Pl. M., page 12). With respect to the consideration given by this Court to the basis for its Decree, Defendant's counsel may only rely upon the proceedings and record in this case. The Order in this case which was appealed from relates specifically to acts of unfair competition and trademark infringement. Indeed, the Order appears to constitute a finding of fact that Defendant's use of the trademarks BIOCIDIN, BIOVIDIN

and BIOVIDON constituted acts of unfair competition and trademark infringement, since the specific prohibitions are labelled as such in the Order (JA 111). Thus, it appears that Plaintiff misconceives the consideration given by this Court to the basis for the issuance of the injunction. ^{1/}

Arent, Fox, Kintner, Plotkin & Kahn

By /s/ Robert Hirsch

[Certificate of Service:]

^{1/} An example of Plaintiff's misconception is found in its contention that this Court's action was taken "to prevent future violations of the trademark rights of Schering. . ." (Pl. M., page 12). This Court has not adjudicated the question of Plaintiff's trademark rights. Therefore, in the absence of a hearing on the question of trademark infringement, the Plaintiff's trademark rights have no relevancy.

TRANSCRIPT OF HEARING ON MOTION

1

Washington, D. C.
Friday, September 13, 1963.

The above-entitled matter came on for hearing on motion to request further findings before the HONORABLE EDWARD A. TAMM, United States District Judge.

* * * * *

3

PROCEEDINGS

THE DEPUTY CLERK: No. 4, Schering Corporation versus Dart Drug Corporation.

ARGUMENT IN SUPPORT OF MOTION

MR. SIMON: If the Court please, I am William Simon. I represent the plaintiff in this case and I have but a few comments.

In this Court's prior decree, you prohibited the defendants from the

use of the word "Biovidon". The Court of Appeals expressly held that it was proper for you to prohibit the use of the word "Biovidon" by the defendants if this Court felt that that was necessary to prevent future violations of the decree.

The Court of Appeals also held that that finding could be made on the present record; but they further held that this Court had not expressly found that the prohibition against the use of the word "Biovidon" was found by this Court to be necessary to prevent future violations, although holding that it was legally proper for you to do so and the record would sustain it.

It is our view that in the prior hearing, Your Honor intended to prohibit the use of the word "Biovidon" as a means of preventing future violations because you expressly found that their violation was contumacious and that they apparently had no intention of complying with the prior decree
4 of this Court.

So, we have moved here for a finding by this Court which we think was intended in the original decision and which the Court of Appeals apparently thought was intended but, because you had not clearly made that finding in the prior decree, said should be made by this Court and they have already held that if made by the Court, would be valid and proper.

ARGUMENT IN OPPOSITION TO MOTION

MR. HIRSCH: If Your Honor please, I am Mr. Hirsch.

I appreciate, of course, that the Court of Appeals' intention is best expressed in its opinion. I would merely comment that I don't believe that there is any suggestion in the Court of Appeals opinion that the injunction would lie in this case. In fact, the Court specifically said:

"We cannot say that Dart's use of Biovidon would 'render ineffective' the decree, as in Eskay" -- that was a case that had been cited -- "or result in the continuation of any confusion to the purchasing public, as in Stronghold" -- another case which had been cited.

The opening which was left in this case for this Court's resolution

as urged by the plaintiff came about because, as the Court of Appeals
5 pointed out:

"Schering also argues that enjoining Biovidon was necessary to assure Dart's compliance with the prohibition against Biovidin."

The Court then proceeded to state what Schering's argument seemed to be based upon, but made it clear that the Court of Appeals did not advise that this Court do any of the inferences which Schering argued in the Court of Appeals.

Therefore, I would strongly urge that this Court not feel in any sense that the Court of Appeals has recommended, urged or even thought that in this particular case, the injunction would be proper.

Secondly, Mr. Simon did mention very briefly his thought as to Your Honor's intention in granting the injunction in this case. I, of course, have no way of knowing what Your Honor's intention was. I would, however, call the Court's attention to the order issued by this Court. It appears on page 111 of the Joint Appendix near the bottom of the page where the defendants are "enjoined and restrained from any and all further acts of unfair competition and trade mark and trade name infringement including those arising from their use of the trade names 'Biocidin', 'Biovidin' and 'Biovidon' or any other simulation or colorable imitation of plaintiff's products bearing the trade mark 'Coricidin'."

6 It would appear to me, Your Honor, that the order was predicated upon an apparent belief that there had been a trade mark infringement because Your Honor enjoined Dart from acts of unfair competition and trade mark infringement. This is specifically the type of injunction which the Court of Appeals held would not be permitted in the absence of a hearing as to confusing similarity.

As I indicated, of course, Your Honor may have had something else in mind but the language of the order would not bear that out.

Thank you.

THE COURT: Anything more?

MR. SIMON: No, Your Honor.

THE COURT: I will reread the Court of Appeals opinion in this case in the light of your presentation this morning and then take appropriate action on this matter.

MR. HIRSCH: Thank you, Your Honor.

(Whereupon, the hearing on motion was concluded.)

[Filed September 17, 1963]

ORDER

Amendment to Findings of Fact
and Decree of June 22, 1962

Upon request of plaintiff for findings of fact in addition to those made and stated in the Court's Findings of Fact and Decree dated June 22, 1962, and upon consideration of the whole record, it is hereby ordered that the Order and Decree of June 22, 1962 is amended as follows:

Immediately following the paragraph numbered "4" the following is added:

5. The prior decree of this Court, as well as the Court-approved stipulation between the parties, prohibited the defendants from using the names BIOCIDIN and BIOVIDIN on their pharmaceutical products.
6. In renaming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name so as to prevent the likelihood of future violations of the rights of the plaintiff and the orders of this Court. BIOVIDON is but one letter away from the prohibited name BIOVIDIN. BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance.
7. The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical

supplier and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties.

8. A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the order of this Court.

The paragraph numbered "5" in the present Findings of Fact and Decree is re-numbered paragraph 9.

/s/ EDWARD A. TAMM
United States District Judge

DATED:

[Filed October 14, 1963]

NOTICE OF APPEAL

Notice is hereby given that Defendants Dart Drug Corporation; Dart Drug Corporation of Maryland; Dart Drug Corporation, Downtown; Dart Distributing Corporation; Dart Drug Corporation, Conn. & K.; Dart Drug Corporation, Bethesda; Dart Drug Corporation, Alexandria; Dart Drug Corporation, 13th & F.; Dart Drug Corporation, 11th & E.; and Herbert H. Haft, hereby appeal to the United States Court of Appeals for the District of Columbia Circuit from the following Decree entered in the above-entitled action by the United States District Court for the District of Columbia on June 22, 1962, as amended and filed with the Clerk of the United States District Court for the District of Columbia on September 17, 1963. The Decree from which said Defendants are appealing is as follows:

ORDERED that the Defendants, and each of them, and their respective officers, agents, servants, employees, the successors or assigns of any of them, or any firm which is a parent or is owned or controlled

by any defendant, or by anyone affiliated or associated with, or claiming under or through any defendant, be and the same hereby are enjoined and restrained from any and all further acts of unfair competition and trademark and trade name infringement including those arising from their use of the trade name ... "BIOVIDON" ..."

ORDERED that the Defendants, within ten (10) days of the date of this Order, file with the Clerk of this Court an affidavit showing that Defendants have destroyed all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery and all other material, printed or otherwise, in the possession of or under the control of the Defendants bearing the designation ... "BIOVIDON" ... thereon."

On July 6, 1962, Defendants filed a Notice of Appeal from the aforesaid Decree entered on June 22, 1962. In connection with the filing of such Notice of Appeal, the United States District Court for the District of Columbia Circuit entered an Order dated July 2, 1962 staying that portion of the Court's Decree enjoining Defendants from the use of the trade name "BIOVIDON" and requiring them to destroy all BIOVIDON material in their possession pending the outcome of Defendants' appeal therefrom and, if necessary, for ten (10) days after a final Order has been entered on appeal. In the same Order a supersedeas bond in the amount of \$2500.00 was approved for filing pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with the aforesaid stay.

On June 13, 1963, the United States Court of Appeals for the District of Columbia Circuit reversed the aforesaid Decree insofar as it prohibits the use of the trade name "BIOVIDON", but stated that its reversal did not bar Plaintiff from further efforts in the United States District Court for the District of Columbia Circuit to enjoin Defendants' use of "BIOVIDON" either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the Decree of June 30, 1961, in order to prevent future violations.

On July 5, 1963, Plaintiff filed a Request for Additional Findings of Fact to Support This Court's Order of June 22, 1962. On September 17,

1963, an Order was entered amending this Court's Order and Decree of June 22, 1962.

The supersedeas bond which Defendants have secured pursuant to the aforesaid Order of July 2, 1962 is still in effect as is the Stay granted by this Court on July 2, 1962. Accordingly, Defendants have not filed a new Motion for Stay and Approval of Supersedeas Bond.

/s/ Robert Hirsch
Attorney for Defendants

October 14, 1963

[Certificate of Service:]

[Filed October 18, 1963]

RESPONSE TO NOTICE OF APPEAL

On October 15, 1963, counsel for Schering Corporation, Plaintiff herein, received a Notice of Appeal filed by Dart Drug Corporation, et al., Defendants. In the Notice of Appeal it is stated: "The supersedeas bond which Defendants have secured pursuant to the aforesaid Order of July 2, 1962 is still in effect as is the Stay granted by this Court on July 2, 1962. Accordingly, Defendants have not filed a new Motion for Stay and Approval of Supersedeas Bond."

In the original Order of Stay granted by the District Court (dated July 2, 1962), that portion of the Order subject to appeal was "stayed pending the outcome of said Defendants' appeal therefrom and, if necessary, for 10 days after a final Order has been entered on appeal."

The appeal in this matter was disposed of on June 13, 1963, when the Court of Appeals reversed and remanded the proceedings to the District Court. Accordingly, the Stay Order of the District Court expired ten days later on June 23, 1963.

It is our further understanding that the supersedeas bond was effective only for the taking of the appeal to the Court of Appeals. It, too, would have expired after the disposition of the appeal.

For these reasons, we believe (1) that there is no outstanding order staying the portion of the Order from which defendants have now filed their Notice of Appeal, and (2) that the supersedeas bond filed on July 6, 1962, is not in effect to cover a new appeal.

The original Order of this Court (dated June 22, 1962), in accordance with established precedents, awarded costs, attorneys' fees and expenses to the Plaintiff. The amount awarded included only the costs, fees and expenses incurred by the Plaintiff for the handling of the contempt proceeding before the District Court and did not include such expenditures for the subsequent proceedings. Plaintiff will make application for such costs, fees and expenses as soon as this matter is terminated.

Respectfully submitted

/s/ William Simon

/s/ John Bodner, Jr.

* * *

Attorneys for Plaintiff

Of Counsel:

Abraham M. Lowenthal

* * *

Dated: October 18, 1963.

[Certificate of Service:]

[Filed October 25, 1963]

**MOTION FOR STAY AND APPROVAL OF
SUPERSEDEAS BOND**

Defendants Dart Drug Corporation, et al., respectfully move this Court for a stay of execution of that part of its Decree of June 22, 1962, as amended by an Order filed with the Court on September 17, 1963, which enjoins said Defendants from the use of the trade name BIOVIDON and which orders said Defendants to destroy by July 2, 1962 all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery, and all other material, printed or

otherwise, in the possession of or under the control of the Defendants bearing the designation BIOVIDON. That portion of the Order requiring Defendants to destroy certain items by July 2, 1962 was stayed pending an appeal from the aforesaid Decree of June 22, 1962. Following the reversal by the United States Court of Appeals for the District of Columbia Circuit of the Decree of June 22, 1962, this Court entered an Order on September 17, 1963 which has the effect of again requiring Defendants to destroy the above-mentioned items. Defendants are requesting this stay so that they may appeal the Order of June 22, 1962, as amended by the Order of September 17, 1963, enjoining them from using the trade name BIOVIDON and requiring them to destroy the BIOVIDON material to the United States Court of Appeals for the District of Columbia Circuit.

Defendants also respectfully move this Court to approve a superseas bond in the amount of \$2,500.00 which said Defendants will file pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with their request for stay.

/s/ Robert Hirsch
Attorney for Defendants

October 24, 1963

[Certificate of Service:]

[Filed October 25, 1963]

MEMORANDUM OF POINTS AND AUTHORITIES

1. On June 22, 1962, United States District Judge Edward A. Tamm entered his Findings of Fact and Decree in the above-entitled matter.
2. On June 13, 1963, the United States Court of Appeals for the District of Columbia Circuit reversed the above-mentioned Decree.
3. On September 17, 1963, United States District Judge Edward A. Tamm entered an Order amending the Findings of Fact and Decree of June 22, 1962.

4. Embodied in the aforesaid Decree, as amended, is an Order enjoining the Defendants from the use of the trade name BIOVIDON. In conjunction therewith, the Court ordered Defendants to destroy all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery, and all other material, printed or otherwise, in the possession or under the control of the Defendants bearing the designation BIOVIDON within ten days of the date of its Order.

5. Defendants do not feel that their continued use of the trade name BIOVIDON, pending the outcome of the appeal, will result in any damage to Plaintiff. Accordingly, Defendants submit that a bond in the amount of \$2,500.00 should be sufficient.

Respectfully submitted,

/s/ Robert Hirsch

Arent, Fox, Kintner, Plotkin & Kahn

* * *

Attorneys for Defendants

[Filed October 28, 1963]

**OPPOSITION TO DEFENDANTS' MOTION FOR
STAY AND APPROVAL OF SUPERSEDEAS BOND**

On October 25, 1963, Plaintiff was served with a copy of Defendants' motion to stay this court's order of June 22, 1962, as amended on September 17, 1963, pending another appeal from that part of the court's order requiring Defendants to cease using the name BIOVIDON.

Defendants took an appeal from that part of this court's original order requiring the discontinuance of the use of the name BIOVIDON. On review, the Court of Appeals reversed but stated that such prohibition could be reinstated upon the District Court's making additional findings "based upon the present record of the contempt proceeding." After the submission of memoranda and oral presentation, this court, on September 17, 1963, made such findings on the basis of the record of the contempt

proceeding and entered an amendment to its Findings of Fact and Decree of June 22, 1962.

While Defendants opposed the entry of the order of amendment, they offered no new grounds for such opposition, either in their memorandum or oral presentation to the court. Thus it appears that all points and authorities which Defendants might raise on appeal were considered by the Court of Appeals on the first appeal.

It should be noted that the memorandum accompanying Defendants' motion for stay contains no statement of grounds for an appeal. Of course, Defendants have a right to lodge a new appeal from this court's order, but no grounds have been stated by the Defendants to justify a further staying of this court's order pending such appeal. Over sixteen (16) months have gone by since this court originally entered its order forbidding the use of the name BIOVIDON. A further delay would only frustrate the implementation of the Decree.

For these reasons, we submit that the Defendants' motion for stay and approval of supersedeas bond should be denied.

Respectfully submitted,

/s/ William Simon

/s/ John Bodner, Jr.

* * *

Attorneys for Plaintiff

OF COUNSEL:

Abraham M. Lowenthal

* * *

Dated: October 28, 1963

[Certificate of Service:]

[Filed October 30, 1963]

ORDER

Upon Motion of the Defendants and for good cause shown, that part of the Court's Decree entered into the above-entitled matter on June 22, 1962, as amended by an Order dated September 17, 1963, which enjoins and restrains said Defendants from the use of the trade name "BIOVIDON" and requires them to destroy all BIOVIDON material in their possession or under their control is hereby stayed pending the outcome of said Defendants' appeal therefrom and, if necessary, for ten days after a final Order has been entered on appeal.

A supersedeas bond in the amount of \$2,500.00 is hereby approved for filing pursuant to Rules 62(d) and 73(d) of the Federal Rules of Civil Procedure in connection with the aforesaid stay.

/s/ EDWARD A. TAMM
Judge

Dated: October 30, 1963.

THIEL & CASILLAS
209 E Street, N.W.
Washington 1, D.C.
Telephone 393-0625, 393-7217

BRIEF FOR APPELLANTS

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States Court of Appeals
for the District of Columbia Circuit

FILED JAN 15 1964

Nathan J. Paulson
CLERK

ROBERT B. HIRSCH

Arent, Fox, Kintner,
Plotkin & Kahn
1000 Federal Bar Building
1815 H Street, N. W.
Washington 6, D. C.

Attorneys for Appellants.



(i)

STATEMENT OF QUESTIONS PRESENTED

1. Whether the District Court erred in enjoining Appellants from acts of unfair competition and trademark and tradename infringement in the absence of findings based upon an evidentiary hearing to the effect that Appellants' use of the tradename BIOVIDON constituted unfair competition or trademark infringement.

2. Whether the present record supports the amended findings that a prohibition against the use of the name BIOVIDON by Appellants is necessary in order to insure obedience to the decree of the District Court and to prevent future violations of the rights of Appellee and the Order of the District Court.



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United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

BRIEF FOR APPELLANTS

JURISDICTIONAL STATEMENT

Jurisdiction of this action for unfair competition and trademark infringement was conferred on the District Court by 28 U.S.C. §1338 and 15 U.S.C. §§1121 and 1125 (a). That Court entered a final order enjoining the use of a certain name by Defendant-Appellant. An Appeal, hereinafter called the "Prior Appeal", was taken and this Court thereupon reversed that final order. Subsequently the District Court entered amended findings of fact and again entered the same final order enjoining the use of a certain name by Defendant-Appellant. Jurisdiction to review this order is conferred on this Court by 28 U.S.C. §1291 and 15 U.S.C. §1121.

STATEMENT OF THE CASE

Appellants [hereinafter referred to collectively as "Dart"] operate retail discount drug stores in the Metropolitan Washington area. Dart sells many drug products under its own private label in addition to selling other customary retail drug products. Appellee [hereinafter referred to as "Schering"] is a manufacturer of various drug products.

On January 20, 1960, Schering brought suit in the United States District Court for the District of Columbia against Dart asserting that Dart had engaged in unfair competition and trademark infringement by use of the name BIOCIDIN, which, it was alleged, was confusingly similar to Schering's trademark CORICIDIN. Schering prayed for injunctive relief against future acts of unfair competition and trademark infringement (J.A. 3).¹

Upon motion by Schering for a preliminary injunction (J.A. 18), Judge Youngdahl found these to be the pertinent facts: Schering produced a cold remedy in tablet form and marketed it under the trademark CORICIDIN; Dart marketed a similar, but not identical, product under the trademark BIOCIDIN; CORICIDIN was sold in a bottle inserted in a box whereas BIOCIDIN was sold in a bottle alone, and since the labels of the two products were dissimilar, the appearance of the two products differed markedly. Further, nineteen drug products using the suffix CIDIN were listed in the United States Patent Office. The motion was denied because Schering had not shown likely public confusion between the products, had not shown any "palming off" by Dart, and had not shown

¹ By order of this Court, the Joint Appendix referred to in this Brief consists of the Joint Appendix used in Appeal No. 17,217, as supplemented by a Joint Appendix designated in connection with this Appeal.

that it would be irreparably injured by the denial of preliminary relief ² (J.A. 31).

Subsequent to this denial of Schering's motion for a preliminary injunction, Schering and Dart entered into a stipulation which was filed with the District Court on January 12, 1961 (J.A. 36). The stipulation provided that Dart would not in the future use the name BIOCIDIN, or any name composed of any of a number of syllables, including the syllable DIN. In return for this promise by Dart, Schering promised to deliver to Dart approximately \$7,000 worth of CORICIDIN. The stipulation also provided:

"7. This Court will retain jurisdiction of this action for the purpose of enforcing the provisions of this stipulation against all parties; and upon a showing by the plaintiff of a violation by the defendants, or either of them, their officers, agents or employees, their successors or assigns, or the successor assignee of any of them, or by any firm which is owned or controlled by any defendant, the Court will enter a permanent injunction for the relief prayed for in the complaint, in the customary and usual form of an injunction in a suit for trademark infringement and unfair competition" (J.A. 38).

On January 12, 1961, the Court dismissed the cause with prejudice subject to the terms and provisions of the stipulation (J.A. 39).

² It should be noted that the only issue in the original case material to this Appeal was whether the name BIOCIDIN infringed Schering's trademark CORICIDIN. Although there were allegations of "palming off" by using similar red pills and similar labels, these issues were dropped from the case early in its history. As Judge Youngdahl observed, in his ruling on Schering's motion for a preliminary injunction, "Tablets of identical size, color and shape are common in the drug industry. At the hearing hereof, plaintiff's counsel conceded that plaintiff's claim was not based upon either the size, color or shape of the tablet." (J.A. 30). As to the labels, provision was made in the stipulation hereafter discussed that Dart would not use the label it had been using at the time of the filing of the complaint nor any label more similar to CORICIDIN's label than the one in use at the time of the stipulation (J.A. 37). No violation of this provision of the stipulation has ever occurred.

During the ninety-day period allowed by the stipulation for Dart to find a new name to replace BIOCIDIN, Herbert Haft, Dart's president, sent a bulletin to his store managers advising them to quickly sell all remaining BIOCIDIN as the name was to be changed to BIOVIDIN (J.A. 45). Schering obtained a copy of this bulletin and protested to Dart that the use of the syllable DIN violated the stipulation (J.A. 46). Dart advised Schering that the name to be used was BIOVIDON, a name containing the syllable DON which had been expressly approved in the stipulation (J.A. 47).

Subsequently Dart began marketing its cold tablets and a number of other cold remedies under the trademark BIOVIDON (J.A. 76). However, on April 27, 1961, an advertisement appeared in The Washington Post describing Dart's cold tablet as BIOCIDIN (J.A. 75). Dart discovered this violation of the stipulation and, on its own initiative, pulled the advertisement after it had appeared one day in The Washington Post and in one edition of The Evening Star (J.A. 75). By uncontested affidavit, it appears that this violation resulted from the carelessness of the independent advertising agency³ engaged by Dart in using an old advertising mat (J.A. 51). Judge McLaughlin held Dart legally responsible for the acts of the advertising agency. Accordingly, pursuant to a motion by Schering based on the mandatory language of paragraph seven of the stipulation, he permanently enjoined Dart from, among other things, the use of the name BIOCIDIN and the syllable DIN (J.A. 52-53).

Until late in 1961, Dart purchased these stock cold tablets for resale under its private label, BIOVIDON, from two drug manufacturers. Then, in order to diversify its sources of BIOVIDON, Dart arranged with a third manufacturer, Continental Vitamin Corporation, for the latter to supply BIOVIDON under the Dart label (J.A. 76). The first shipment of this product and of BIOVIDON-DC, a decongestant cold tablet, from

³ See n. 4 of this Court's opinion in the Prior Appeal (J.A. 133).

Continental was mislabeled BIOVIDIN and BIOVIDIN-DC. Dart continued to receive correctly labeled shipments of these products from its other suppliers. Dart became aware of Continental's mistake and attempted to correct it by issuing orders for relabeling (J.A. 76, 92). However, through Dart's carelessness some of these mislabeled products reached the retail shelves.

On April 26, 1962, Schering moved the District Court to find Dart in contempt of Court, to fine Dart, and to enter a decree in accordance with the original complaint (J.A. 53). At the hearing on this motion, held on May 31, 1962, it appeared that agents of Schering had been able to purchase BIOVIDON mislabeled as BIOVIDIN in three stores (J.A. 64). As a result of Schering's motion, Dart had made a search for the mislabeled product and had discovered its presence in one other of its fourteen stores (J.A. 66). This search did not result in the discovery of a quantity of BIOVIDON-DC mislabeled as BIOVIDIN-DC, which was located in a window display in one store, but not that store's retail shelves (J.A. 66). Apparently Dart's failure to locate the mislabeled display was due to the crowded nature of its window displays (J.A. 82). It also appeared, however, that the sign used with the display advertised the product as BIOVIDON-DC (J.A. 73).

At all times material hereto, Dart regularly advertised these cold remedy products under the name BIOVIDON (J.A. 76). These products, including those which were mislabeled, were identified on its retail shelves by point of sale signs as BIOVIDON (J.A. 74). Of the six cold products bearing the name BIOVIDON, only a portion of two of these products (the shipments from Continental) was mislabeled (J.A. 73).

At the conclusion of the arguments on Schering's motion to find Dart in contempt of Court, the District Court, among other things, entered an order on June 22, 1962, enjoining Dart from acts of unfair competition and trademark infringement, including those arising from Dart's use of the tradename BIOVIDON (J.A. 111).

Dart complied with the orders entered by the District Court except that it appealed from the Order insofar as it prohibited Dart from using the name BIOVIDON. On June 13, 1963, this Court reversed that part of the decree of the District Court appealed from by Dart. In its decision on the Prior Appeal, this Court stated, however, that the reversal of the decree of the District Court would not bar Schering from further efforts in the District Court to enjoin Dart's use of the trademark BIOVIDON either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations (J.A. 138). This Court further noted that the first ground would require findings based upon an evidentiary hearing and that the second ground would require findings, based upon the present record of the contempt proceedings, which this Court described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt (J.A. 138).

On July 5, 1963, Schering filed a request in the District Court for additional findings of fact to support the District Court's order of June 22, 1962. It relied on the second ground specified by this Court in its opinion in the Prior Appeal. Schering noted that this Court had also indicated that Schering was not barred from further efforts to enjoin Dart's use of BIOVIDON as unfair competition or trademark infringement if requisite findings were made based upon an evidentiary hearing. However, Schering stated in its memorandum in support of its request for additional findings of fact that it was "not asking in this instance that such a hearing be held" (J.A. 128). In fact, no further hearing was held.

On September 17, 1963, the District Court entered an order entitled "Amendment to Findings of Fact and Decree of June 22, 1962". The District Court incorporated four new paragraphs in its findings of fact which were numbered "5, 6, 7 and 8", and inserted them immediately following the paragraph numbered 4 in the June 22, 1962 decree. Paragraph numbered 5 of the original findings of fact was renumbered paragraph "9".

No amendment was made to the Order (J.A. 146-147).⁴

STATEMENT OF POINTS

I. Despite the additional findings of fact made by the District Court, its Order continues to enjoin the use of the tradename BIOVIDON as an act of unfair competition and tradename infringement. Since there has not been an evidentiary hearing to determine the issue of confusing similarity, the District Court's Order is in error.

II. The record of the contempt proceedings in this case does not support the amended finding of fact that "A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the order of this Court." (J.A. 147).

SUMMARY OF ARGUMENT

In the Prior Appeal in this case this Court reversed the District Court's prohibition against Dart's use of the trade name BIOVIDON. In reversing the Decree of the District Court this Court noted that Schering was not barred from future efforts in the District Court "to enjoin Dart's use of BIOVIDON either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations." (J.A. 138). However, this Court noted that the first ground would require appropriate findings based upon an evidentiary hearing and the second ground would require appropriate findings based upon the present record of the contempt proceedings.

⁴ At the conclusion of this Brief we have, for the convenience of the Court, set forth the Order of June 22, 1962, as amended on September 17, 1963, as though it were a single order, noting therein which of the findings of fact are new.

Upon Schering's motion the District Court entered amended findings of fact. Notwithstanding such amended findings of fact the decree of the District Court continues to enjoin Dart's use of BIOVIDON as an act of unfair competition or trademark infringement. It is submitted that the District Court's decree is erroneous since there has not been an evidentiary hearing on the issue of unfair competition or trademark infringement.

Assuming, arguendo, that the District Court has now enjoined Dart's use of BIOVIDON in order to insure obedience to the decree of that court and to prevent future violations of the rights of Schering and the order of that court, it is submitted that the record of the contempt proceedings does not support the District Court's action. The new findings made by the District Court as set forth in the Findings of Fact, as amended, are (1) in part not supported by the record; (2) in part not germane to the issue; and (3) in any event do not support the District Court's conclusion.

Accordingly, the decree of the District Court enjoining Dart's use of the name BIOVIDON should be set aside.

ARGUMENT

I.

Despite the Additional Findings of Fact Made by the District Court, Its Order Continues To Enjoin the Use of the Tradename BIOVIDON as an Act of Unfair Competition and Tradename Infringement. Since There Has Not Been an Evidentiary Hearing To Determine the Issue of Confusing Similarity, the District Court's Order is in Error.

On June 22, 1962, the District Court entered an Order and Decree enjoining Dart from the use of its trademark BIOVIDON as part of its order enjoining Dart from all further acts of unfair competition and trademark and tradename infringement (J.A. 111). In reversing such

decree insofar as it prohibits the use of the trademark BIOVIDON, this Court held in the Prior Appeal that "there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement" (J. A. 135). This Court noted that an injunction based upon such ground "would require findings based upon an evidentiary hearing" (J.A. 138).

Although the District Court did amend its Order and Decree of June 22, 1962, by the making of additional findings of fact, the District Court did not amend that portion of its decree which has the effect of enjoining Dart from the use of the trademark BIOVIDON. Such portion of the decree continues to enjoin Dart's use of the trademark BIOVIDON as an act of unfair competition and trademark and tradename infringement (J.A. 111, 146-147. See pro forma Order and Decree at the end of this Brief.)

Since the District Court did not make any findings of confusion of the purchasing public based upon an evidentiary hearing, there is no basis for the Order which enjoins Dart's use of BIOVIDON as an act of unfair competition or trademark infringement.

II.

The Record of the Contempt Proceedings in this Case Does Not Support the Amended Finding of Fact That "A Prohibition Against the Use of BIOVIDON by Defendants is Required in Order to Insure Obedience to the Decree of this Court and To Prevent Future Violations of the Rights of the Plaintiff and the Order of this Court." (J. A. 147)

On Schering's motion for additional findings of fact, the District Court added four findings to its Order and Decree of June 22, 1962. As indicated above, the District Court did not amend that portion of its decree which enjoins Dart from using its trademark BIOVIDON as unfair competition or trademark infringement. However, for purposes of this Brief, it is assumed that the intention of the District Court is expressed in its new finding contained in paragraph 8 of the Findings of Fact, as

amended. Such finding is indeed merely a conclusion and therefore it is apparent that the District Court has relied upon its new findings set forth in paragraphs 5, 6 and 7 of the Findings of Fact, as amended, to support such conclusion. Examination of such additional findings⁵ reveals that they are (a) in part not supported by the record; (b) in part not germane to the District Court's conclusion; and (c) in any event do not support the District Court's conclusion.

A. In paragraph 6 of the findings, as amended, the District Court found that "In renaming their product BIOVIDON, defendant did not make a good faith effort to adopt a dissimilar name so as to prevent the likelihood of future violations of the rights of the plaintiff and the orders of this Court." (J.A. 146). The only evidence in the record dealing with the selection of the name BIOVIDON by Dart is contrary to this finding made by the District Court. The stipulation entered into between Dart and Schering filed with the District Court on January 12, 1961, specifically provides as follows with respect to the selection of a new name by Dart:

"Defendants have advised the plaintiff that they are considering the use of either the tradename BIOCARE, BIOCOLE, BIODON, BIOCOLD, BIOPURE, BIOPRIN, BIOCIN, BIOCINE, BIONICOL and plaintiff agrees that the use of any such tradename or trademark shall not be deemed in violation of this stipulation;" (J.A. 36-37).

Comparison of the name BIOVIDON, selected by Dart, with the above list of approved names reveals the following:

- (1) the name BIOVIDON contains the same first syllable, BIO, as do all of the approved names;
- (2) the name BIOVIDON contains three syllables as does the approved name BIONICOL; and

⁵ The finding set forth in paragraph 5 of the Findings of Fact, as amended, is not challenged, although it should be noted that the prior decree of the District Court prohibited Dart from using the name BIOCIDIN and that only the prohibition against the use of the syllable DIN would prevent Dart from using the trade name BIOVIDIN. This is significant because there is no issue of confusing similarity of the trade names BIOVIDON and BIOVIDIN. The only question is one arising out of Dart's use of the syllable DIN in violation of the Stipulation and Decree.

(3) the name BIOVIDON contains the same last syllable, DON, as does the approved name BIODON.⁶

Clearly the evidence in the record of the agreement between the parties concerning the selection of a new name by Dart wholly contradicts the District Court's finding of a lack of good faith by Dart in the selection of a name insofar as the rights of Schering were concerned.

With respect to that portion of the findings in paragraph 6 which challenges Dart's good faith effort to adopt a name so as to prevent the likelihood of future violations of the orders of the District Court, the finding of the District Court is patently erroneous. At the time Dart selected the name BIOVIDON, there was no order of the District Court relating to the rights of the parties. There was only a stipulation establishing, by agreement, the rights between Dart and Schering, so that there could be no question concerning Dart's good faith in relation to the prevention of any violation of an order of the District Court.

Not only are the findings by the District Court in paragraph 6 of the Findings of Fact, as amended, not supported by the record, their very inclusion reveals that the District Court has proceeded upon a basis specifically rejected by this Court in the Prior Appeal. In that Prior Appeal, this Court noted, "Schering argues, however, that 'BIOVIDON was as close to BIOCIDIN as human ingenuity could devise without violating the prohibitions [and] did not represent a good-faith attempt to use a dissimilar name so as to prevent any likelihood of confusion . . .'" (J.A. 135). In rejecting Schering's argument, this Court pointed out that in the present case there has never been an admission or an adjudication of unfair competition or trademark infringement and stated that both the stipulation and the decree in this case "expressly and meticulously listed

⁶ The observation by the District Court that BIOVIDON is but one letter away from the prohibited name BIOVIDIN ignores the facts that only the last syllable of BIOVIDIN is prohibited and that virtually all of the approved names could become impermissible by the change of one letter.

the impermissible syllables and combinations of syllables . . . BIOVIDON was not included." (J.A. 136). In rejecting Schering's argument, this Court quoted with approval the following language from Star Bedding Company v. Englander, 239 F. 2d 537, 546 (8th Cir. 1957):

"Consent decrees, as their name implies, are the result of an agreement, sometimes precedently expressed in formal stipulation, and sometimes . . . solely in the decree itself. They are to be read within their four corners, and especially so because they represent the agreement of the parties, and not the independent examination of the subject-matter by the Court. They are binding only to the extent to which they go. Neither court nor party can write in them what is not there, and thus change what was agreed upon between the parties." (J.A. 136-137)

In the absence of a hearing in the District Court to adjudicate the question of whether there has been unfair competition or infringement, it is submitted that the District Court's findings relating to any lack of dissimilarity between the name BIOVIDON and those names which are not permissible under the stipulation and decree of this Court are not germane to this case.

B. In paragraph 7 of the Findings of Fact, as amended, the District Court found that "The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical supplier, and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties." (J.A. 146-147).

It is assumed that the purpose of such additional findings by the District Court is to demonstrate that the selection of a name which could not create any of the confusion which the District Court referred to, would be more likely to insure obedience to the Court's decree and

prevent future violations of the rights of Schering and the Order of the District Court. The difficulty with such a position is that it is not the name selected by Dart which caused it to violate the decree of the District Court, but that Dart was negligent in permitting a name containing an impermissible syllable to be used. Such negligence could result in a violation of the decree of the District Court regardless of the trade name selected. For example, assume that the name ASPIRIN were selected. The same result is possible. It is just as likely that negligence could result in the misspelling ASPIDIN and the failure to correct the error. More specifically, assume Dart used the words BIODON or BIOCIN, both of which are allowed under the stipulation (J.A. 36-37). An error in one letter in either of such words could result in both being spelled BIODIN. Clearly, any word can be misspelled. This should not be the basis of injunctive relief which (1) goes beyond the stipulation and (2) would require a hearing if Schering had presented the question of whether the use of the tradename BIOVIDON by Dart constitutes unfair competition or infringement. Particularly is this so where the rights of Schering are solely those which are set forth in the stipulation as incorporated in the subsequent decree of the District Court.

CONCLUSION

For the foregoing reasons, the Appellants respectfully submit that the Decree of the District Court dated June 22, 1962, as amended on September 17, 1963, be set aside insofar as it enjoins the use of the name BIOVIDON.

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Attorneys for Appellants.



PRO FORMA

FINDINGS OF FACT AND DECREE

(Incorporating the Findings of June 22, 1962 and September 17, 1963)

1. This action charging trade mark and trade name infringement and unfair competition was instituted by the plaintiff by a complaint filed with this Court on January 20, 1960.

2. After the cause came on for trial, the parties entered into a stipulation dated January 12, 1961, settling this case, and said stipulation was accepted and approved by this Court on that date and entered on the record of this action.

3. On June 30, 1961, this Court, on application of the plaintiff, found that the defendants had violated the provisions of the aforementioned stipulation in that said defendants had advertised and offered for sale pharmaceutical products under the name and brand of BIOCIDIN and this Court thereupon issued its Decree dated June 30, 1961, enjoining and restraining the defendants from using a trade name or trade mark which includes any syllable which is identical to (1) COR, (2) CI, (3) CID, (4) DIN, (5) SCHER, (6) RING or any combination of any of said syllables, and from other practices more specifically recited in said Decree.

4. On April 26, 1962, plaintiff filed this Motion to Adjudge defendants in Contempt and for other and further relief, alleging that defendants had violated the said Decree of this Court by offering for sale pharmaceutical products under the trade name "Biovidin" in their retail stores.

(9/17/63) 5. The prior decree of this Court, as well as the Court-approved stipulation between the parties, prohibited the defendants from using the names BIOCIDIN and BIOVIDIN on their pharmaceutical products.

(9/17/63) 6. In renaming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name so as to prevent the

likelihood of future violations of the rights of the plaintiff and the orders of this Court. BIOVIDON is but one letter away from the prohibited name BIOVIDIN. BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance.

(9/17/63) 7. The use of the name BIOVIDON by the defendants has created confusion among the defendants' own pharmaceutical personnel, as well as that of their advertising agency and their pharmaceutical supplier and it has caused the defendants to use similar names, BIOVIDIN and BIOVIDIN-DC, in plain violation of the decree of the Court and the Court-approved stipulation between the parties.

(9/17/63) 8. A prohibition against the use of BIOVIDON by defendants is required in order to insure obedience to the decree of this Court and to prevent future violations of the rights of the plaintiff and the order of this Court.

9. On the motion papers of plaintiff, the responses and affidavits of defendants, the oral evidence and argument by counsel for both parties before this Court on May 31, 1962, the Court finds that defendants have indicated by their conduct a disinterest in and a disregard for the provisions of the said Decree of this Court and that the defendants have violated the provisions of the said Decree of this Court and that the violation is contumacious in that defendants have not attempted effectively to comply with the said Decree of this Court.

And the court having rendered its opinion at the close of this hearing,

It is ORDERED, ADJUDGED, and DECREED that the defendants are guilty of contempt of this Court; and it is further

ORDERED that defendants be and they hereby are fined in the sum of Five Hundred (\$500.00) Dollars, and the costs of this proceeding, such

fine to be paid by defendants to the Clerk of the Court within five (5) days from the date hereof; and it is further

ORDERED that plaintiff be and it is hereby awarded attorneys' fees and expenses of this motion in the amount of \$2,896.37, to be paid by defendants to plaintiff within five (5) days from the date hereof; and it is further

ORDERED that the Order and Decree of this Court, dated June 30, 1961, be and the same is hereby reaffirmed and incorporated herein by reference thereto; and it is further

ORDERED that the defendants, and each of them, and their respective officers, agents, servants, employees, the successors or assigns of any of them, or any firm which is a parent or is owned or controlled by any defendant, or by anyone affiliated or associated with, or claiming under or through any defendant, be and the same hereby are enjoined and restrained from any and all further acts of unfair competition and trade mark and trade name infringement including those arising from their use of the trade names "Biocidin", "Biovidin" and "Biovidon" or any other simulation or colorable imitation of plaintiff's products bearing the trade mark "Coricidin"; and it is further

ORDERED that the defendants, within ten (10) days of the date of this Order, file with the Clerk of this Court an affidavit showing that defendants have destroyed all goods, labels, signs, printed packages, advertising material, wrappers, containers, billheads, displays, stationery, and all other material, printed or otherwise, in the possession of or under the control of the defendants bearing the designation "Biocidin", "Biovidin" and "Biovidon" or any other simulation or colorable imitation of plaintiff's said trade mark and trade name "Coricidin" thereon.

Signature omitted because this is
merely a Pro Forma Document.

REPLY BRIEF FOR APPELLANTS

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION et al

Appellants,

v.

SCHERING CORPORATION,

Appellee

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(1)

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United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,246

DART DRUG CORPORATION, et al.,

Appellants,

v.

SCHERING CORPORATION,

Appellee.

Appeal From the United States District Court
for the District of Columbia

REPLY BRIEF FOR APPELLANTS

Appellants deem it necessary to file a reply brief to present their position on certain statements and arguments set out in Appellee's brief.

REPLY TO COUNTER STATEMENT OF THE CASE

1. In its brief Appellee (Schering)¹ asserts that this case originated as a trademark infringement and unfair competition suit against Dart for adopting the imitative name BIOCIDIN for similar products. Schering also asserts that Dart agreed by Court-approved stipulation to discontinue

¹ For convenience, Appellee is referred to as "Schering," Appellants are referred to as "Dart," the Joint Appendix is referred to as "J.A.," Schering's brief is referred to as "S.br.," and Dart's main brief is referred to as "D.br."



the use of the name BIOCIDIN and to adopt a dissimilar name for its products (S.br. 1-2). Schering has misstated the facts. Although Dart did agree to discontinue use of the tradename BIOCIDIN, neither the Court-approved stipulation nor the subsequent decree imposed upon Dart the burden of adopting a dissimilar name for its cold remedy. (J.A. 36-39, 50-53.)

2. Schering contends that Dart's inter-office memorandum, stating that the name BIOCIDIN was being changed to BIOVIDIN, "... clearly violated the Court-approved stipulation." (S.br. 2.) Dart had, by the terms of this stipulation, dated January 12, 1961, at least ninety (90) days in which to comply with its terms. (J.A. 37.) The inter-office memorandum was dated February 21, 1961 (J.A. 45) and thus could not possibly have violated the stipulation. In addition, the memorandum was an internal message sent to Dart's store managers in an effort to comply with the provisions of the stipulation and was not an attempt by Dart to use a prohibited syllable in the marketing or sale of its product. The fact that the memorandum as such did not violate the stipulation was admitted by Schering when it notified Dart on March 1, 1961, that it was aware of Dart's inter-office memorandum and that,

"If Dart should sell any product under the name 'BIOVIDIN,' this is to advise that Schering will promptly move the District Court for the relief provided for on a violation of the stipulation." (J.A. 46) (emphasis supplied.)

This is, therefore, a late date for Schering to assert that Dart's inter-office memorandum violated the stipulation.

REPLY TO ARGUMENT

1. In support of its position, Schering maintains that so long as Dart is prohibited from using its tradename BIOVIDON, it makes "no real difference" where that prohibition appears in the District Court's decree. (S.br. 8.) This argument is quite beside the point. The District Court has continued to enjoin Dart's use of the name BIOVIDON as an act

of unfair competition and tradename infringement (J.A. 146-147, D.br. 3A), despite the fact that this Court held in the Prior Appeal² that "there was no basis for enjoining the use of BIOVIDON as unfair competition or trademark infringement" (J.A. 135).³

2. Schering contends (S.br. 10) that the record supports the conclusion of the District Court in its amended findings of fact that, "In re-naming their products BIOVIDON, defendants did not make a good faith effort to adopt a dissimilar name . . . BIOVIDON is a very close approximation to BIOVIDIN and the two names are very similar in appearance." (J.A. 146.) This conclusion by the District Court is patently erroneous. Dart has never been under an obligation to adopt a dissimilar name for its product since the issue of tradename infringement has never been litigated and since Dart did not consent to adopt a dissimilar name in its Court-approved stipulation with Schering. Dart's sole obligation, both under the terms of the Court-approved stipulation and the subsequent decree (J.A. 36-39, 50-53) was to avoid using the name BIOCIDIN and a specific group of syllables, among which was the syllable DIN. Thus, the District Court (a) made a finding of confusing similarity in the absence of an evidentiary hearing; and (b) found that the name BIOVIDON was similar to a name which, as a name, has never been prohibited. Schering is thus asking this Court to approve a remedy which is a corollary to an admission or a finding of tradename infringement in the absence of such an admission or such a finding.

3. The District Court concluded in its amended findings of fact that since BIOVIDIN is a prohibited name and since BIOVIDON is similar

² For convenience, the appeal resulting in a reversal, in part, of the District Court's final order is denominated the "Prior Appeal."

³ Schering has also contended (S.br. 8) that Dart has not appealed from that part of the District Court's final decree which ordered the destruction of all material containing the designation BIOVIDON. Dart assumes that if the District Court's injunction against the name BIOVIDON is reversed then that portion of the decree which orders the destruction of all material containing the designation BIOVIDON must, of necessity, lose its effect.

to BIOVIDIN, then the tradename BIOVIDON must be enjoined. (J.A. 146.) However, it is the syllable DIN which is prohibited by the stipulation and subsequent decree rather than the name BIOVIDIN. (J.A. 36-39, 50-53.) Thus the injunction against the name BIOVIDON is not supportable. It would make as much sense to enjoin any name at all which contains the syllable DON; for only then would it be possible to prevent the syllable DON from being misspelled DIN. What Schering sought in the District Court was a remedy which would have the same effect as a remedy granted upon a finding or an admission of tradename infringement without having the burden of demonstrating in an evidentiary hearing that the tradenames CORICIDIN and BIOVIDON are confusingly similar. The District Court, by imposing upon Dart the obligation of choosing a dissimilar name for its product granted Schering such a remedy and therefore committed reversible error.

CONCLUSION

For the foregoing reasons, the Appellants respectfully request that the decree enjoining the use of the name BIOVIDON be set aside.

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BRIEF FOR APPELLEE

IN THE
United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 18,248

DART DRUG CORPORATION, et al., *Appellants*,

v.

SCHERING CORPORATION, *Appellee*.

An Appeal from the United States District Court for the
District of Columbia

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COUNTERSTATEMENT OF QUESTION PRESENTED

Whether the District Court made appropriate findings of fact, based on the record evidence of the contempt proceeding, to support the prohibition in its decree against the further use of the name BIOVIDON by Appellants.



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BRIEF FOR APPELLEE

This is the second occasion on which this matter has been brought before this Court by Appellants.

COUNTER-STATEMENT OF THE CASE

This case originated as a trademark infringement and unfair competition suit by Schering Corporation (Schering), the owner of the trademark CORICIDIN for cold remedy products, against Dart Drug Corporation, *et al.* (Dart) for adopting and using the imitative name BIOCIDIN for similar products. By Court-approved stipulation

settlement, Dart agreed to discontinue the use of the name BIOCIDIN and to adopt a dissimilar name, and one specifically not containing certain indicated syllables, including the syllable "DIN". Thereafter, Dart committed a series of violations of the Court-approved stipulation—and, as it later became, the formal decree of the District Court—by repeatedly using trade names for its products with the prohibited syllables.

The prior violations. By the terms of the Court-approved stipulation, Dart agreed to adopt another name for its product. (JA 36-39) On February 21, 1961, Dart, by memorandum, advised its store personnel that it was changing the name from BIOCIDIN to BIOVIDIN. (JA 45) BIOVIDIN, with the syllable "DIN", clearly violated the Court-approved stipulation. Schering immediately wrote to Dart, stating this fact; Dart replied that Schering had been "misadvised";¹ and shortly thereafter Dart changed BIOCIDIN to BIOVIDON, not BIOVIDIN. (JA 46-47)

Several months later, Dart ran advertisements in the two leading Washington newspapers using the name BIOCIDIN, in open violation of the Court-approved stipulation. Pursuant to the reservation of jurisdiction in the stipulation,² Schering filed a motion in the District Court for entry of a formal decree by the District Court on the grounds of the two violations. (JA 40-49) On June 30, 1961, the District Court, after hearings in which it found that Dart had "violated the provisions of the stipulation of January 12, 1961, accepted and approved by this Court on that date", entered a decree enjoining Dart from, *inter*

¹ As the Dart memorandum conclusively shows, Schering had not been "misadvised". See copy of memorandum, JA 45.

² The stipulation provided: "This court will retain jurisdiction of this action for the purpose of enforcing the provisions of this stipulation against all parties; and upon a showing by the plaintiff of a violation by the defendants . . . the court will enter a permanent injunction for the relief prayed for in the complaint, in the customary and usual form . . ." (JA 36-38)

alia, using the name BIOCIDIN or any other trade name containing various identified syllables including "DIN". (JA 52)

Nearly 10 months later Schering uncovered a series of violations of the decree by Dart. Therefore, on April 26, 1962, Schering filed a motion to adjudge Dart in contempt for these violations. (JA 53-60) The hearings on the motion disclosed that Dart's retail stores had displayed and sold various cold tablets labeled BIOVIDIN and BIOVIDIN-DC, in plain violation of the Court's decree. (JA 61-109)

After hearing all of the evidence, the District Court ruled that Dart had "indicated a disinterest in, in fact, a disregard for the provisions" of the stipulation and decree of the Court. Referring specifically to "the fact that as recently as today, the prohibited name 'Biovidin' has appeared on merchandise in at least one of the defendant's windows", the Court stated that "upon the complete testimony and exhibits" it must conclude that the violation was "contumacious in the sense that [Dart] has not effectively attempted to comply with the Court Order." "Under the circumstances", Judge Tamm concluded, "I believe the Court is required to adjudicate this defendant in contempt of Court." (JA 102)

Accordingly, in rendering its findings of fact, the District Court concluded "that defendants [Dart, et al.] have indicated by their conduct a disinterest in and a disregard for the provisions of the said Decree of this Court and that the defendants have violated the provisions of the said Decree of this Court and that the violation is contumacious in that defendants have not attempted effectively to comply with the said Decree of this Court." (JA 111)³

³ Dart did not challenge or appeal this or any of the other findings of the District Court. In fact, during the argument on relief, counsel for Dart agreed that "the defendant evidenced or indicated a disinterest in effectively complying with the decree . . ." (JA 104)

As relief, the Court fined the defendants and awarded attorneys' fees to Schering, and further enjoined Dart from "any and all further acts of unfair competition and trade mark and trade name infringement, including those arising from their use of the trade names 'Biocidin', 'Biovidin' and 'Biovidon' or any other simulation or colorable imitation of plaintiff's products bearing the trade mark 'Coricidin'. . . ." (JA 111)

The first appeal. Dart accepted all of the findings and provisions of the decree except the prohibition of the use of the name BIOVIDON. On appeal, it contended that "the District Court erred in enjoining the use of the trade name BIOVIDON in the absence of any evidence that BIOVIDON was confusingly similar to the trademark CORICIDIN." (Appeal Brief, p. 1) In response to this appeal, Schering pointed out that the decree was based upon a finding and judgment of contempt for violation of an order of the District Court, and that the District Court enjoined the further use of the name BIOVIDON because the use of that name had given rise to repeated violations of the Court's orders. It was further pointed out that BIOVIDON, in number of syllables and appearance, was not easily distinguishable from the prohibited names BIOCIDIN and BIOVIDIN, and therefore it was proper and reasonable for the District Court to conclude that effective relief to prevent future violations required that Dart be enjoined from further use of the name BIOVIDON.

On June 13, 1963, this Court issued its opinion reversing the lower court decree "insofar as it prohibits the use of BIOVIDON". *Dart Drug Corporation v. Schering Corporation*, 320 F. 2d 745, 750 (D.C. Cir. 1963).⁴ As stated in the Court's opinion, "the word BIOVIDON could be enjoined only upon a determination either that (1) the use of BIOVIDON by Dart constitutes unfair competition to

⁴ Not yet reported in U.S. App. D.C.

Schering or infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the decree of June 30, 1961, in order to assure future compliance." (*Id.* at 748)

This Court further explained, however, that it was necessary to reverse in this instance because the District Court did not make any specific findings or state any reasons for its prohibition of BIOVIDON. Specifically, as to Schering's argument that the prohibition was necessary to prevent future violations, the Court said:

Schering also argues that enjoining BIOVIDON was necessary to assure Dart's compliance with the prohibition against BIOVIDIN. Its argument seems to be that the record supports an inference that the similarity between DIN and DON, BIOCIDIN and BIOVIDON, and BIOVIDIN and BIOVIDON confused Dart's employees, advertising agency and supplier and thereby caused the prohibited use of BIOVIDIN; hence compliance with the decree of June 30, 1961, could be assured only by prohibiting BIOVIDON. But we are not advised that the court drew any such inference. Since we cannot say with certainty that this is the only reasonable inference which may be drawn, we would have to engage in what is essentially the task of the fact-finder to determine whether the action below may be supported. We decline to do this. (*Id.* at 750; fn. omitted)

The Court of Appeals, by way of conclusion, explained the effect of its action of reversal, as follows:

This will not bar Schering, however, from further efforts below to enjoin Dart's use of BIOVIDON either as (1) unfair competition or trademark infringement, or (2) a necessary part of the remedy for past violations of the decree of June 30, 1961, in order to prevent future violations. See p. 748 *supra*. The first ground would require findings based upon an evidentiary hearing. See note 13 *supra*. The second ground would require findings, based upon the present record

of the contempt proceedings, which we have described as essential in order to support the prohibition of BIOVIDON as a remedy for contempt. We intimate no opinion, of course, upon the questions which might thus be presented. (*Ibid.*; fn. omitted)

The proceeding below. Schering followed the second alternative discussed in the opinion of this Court. On July 5, 1963, Schering filed with the District Court a request for additional findings of fact to support the prohibition of the use of BIOVIDON in order to assure obedience to the District Court's decree and to prevent future violations of that decree. (JA 119-30)⁵ An opposition to this request was filed by Dart (JA 138-43), and later, on September 13, 1963, a hearing on the matter was held before Judge Tamm. (JA 143-46) Based on the written submissions and the oral hearing, the District Court entered additional findings of fact to support the decree's prohibition of BIOVIDON. In its findings the District Court concluded, on the basis of the whole record, that Dart, in renaming its product BIOVIDON, did not make a good faith effort to adopt a dissimilar name; that BIOVIDON is similar in spelling and appearance to prohibited BIOVIDIN; that the use of BIOVIDON had created confusion among Dart's own pharmaceutical personnel as well as among personnel of its advertising agency and pharmaceutical suppliers, with the result that Dart had displayed and sold products in violation of the Court's decree; and that the prohibition against BIOVIDON was required "in order to insure obedience to the decree of this Court and to prevent future violations of the rights of plaintiff and the order of this Court." (JA 146-47)

⁵ All of the pleadings and proceedings since this Court's opinion of June 13, 1963, are contained in a supplemental joint appendix, pp. 119-54.

SUMMARY OF ARGUMENT

In its prior opinion, this Court stated that the prohibition against BIOVIDON in the District Court's decree might be supported on either of two grounds, the second ground requiring findings, based upon the present record of the contempt proceeding, that such relief was necessary to assure compliance with, and to prevent future violations of, the District Court's decree. In the proceeding below, the District Court, on consideration of the evidence of the contempt proceeding, made specific findings of fact that such relief was necessary. These findings are supported by substantial and overwhelming evidence of the contempt proceeding. Therefore, the District Court's findings and decree, with the prohibition against BIOVIDON, should be affirmed.

ARGUMENT

The present appeal. In this second appeal Dart raises two questions, both of which, we submit, are without substance or merit.

Dart first argues that the prohibition against BIOVIDON is improper because it is contained in a provision of the order that refers to "unfair competition" and "trademark infringement", thereby implying that BIOVIDON was being prohibited as an act of unfair competition and trademark infringement. (App. Br. 8-9)

This Court, in its prior opinion, stated that there were two grounds upon which the prohibition against BIOVIDON in the District Court's decree might be supported: upon a determination either (1) that BIOVIDON constitutes unfair competition or trademark infringement of Schering's trademark CORICIDIN, or (2) that enjoining the use of BIOVIDON is necessary as a remedy for past violations of the decree in order to assure future compliance. As this Court further pointed out, the second alternative would require findings based upon the present

record in the contempt proceeding that such relief was necessary.

There is no question here but that the parties and the District Court in the proceeding below followed the second alternative—not the first—indicated by this Court. Based upon the record evidence in the contempt proceeding, the District Court made the requisite findings of fact to support the prohibition against BIOVIDON in the decree, as relief necessary to assure future compliance with its decree. In doing so it followed the procedure indicated by this Court in its opinion.

On this point Dart's only contention seems to be that the District Court should have also changed the form of the language of the prohibition in the decree. This argument, we submit, is without merit. Dart, in the earlier appeal, recognized that the inclusion of BIOVIDON in the last two paragraphs of the decree had only one effect: to prohibit Dart from the further use of that designation. Of course it makes no real difference whether BIOVIDON is prohibited by including the word BIOVIDON in the next to the last paragraph of the decree, as it is now, or by adding a separate phrase to that paragraph following the semicolon: "and from the further use of the trade name BIOVIDON". In either event, the effect is exactly the same: Dart is prohibited from using the designation BIOVIDON. Moreover, the last paragraph, in the customary manner of such orders, provides for the destruction of all material containing the designation BIOVIDON. Dart has not challenged that part of the decree.

As its second contention (App. Br. 9-13), Dart seeks to attack the findings of the District Court. This Court, in its prior opinion, stated that it was within the province of the District Court, as the fact-finding tribunal, to determine whether "the record supports an inference that the similarity between DIN and DON, BIOCIDIN and BIOVIDON, and BIOVIDIN and BIOVIDON, confused

Dart's employees, advertising agency and suppliers and thereby caused the prohibited use of BIOVIDIN." (320 F. 2d at 750) This factual determination has now been made by the District Court.

On the basis of the written submissions of the parties and an oral hearing, the District Court below considered anew the evidence of the contempt proceeding, and based upon that consideration it then made specific findings of fact that such confusion had taken place, and that the prohibition of BIOVIDON was "required in order to insure obedience to the decree of this Court and prevent future violations of the rights of plaintiff and the order of this Court." (JA 148-49)

These findings of the District Court are fully supported by the record. In fact, Dart admitted as much when it sought to explain its own continuous violations of the past by arguing that the name BIOVIDON was so close to the names banned by the Court's injunction that those persons handling the product could not avoid violating the decree. In the contempt proceeding Dart admitted that it had flagrantly disobeyed the Court's order, but it sought to explain its violations by attributing them to "errors" and "mistakes" of others. The first violation—the bulletin announcing BIOVIDIN as the new name—was supposedly an error of Dart's office personnel. (JA 74-75; also 63) The second violation—the two newspaper advertisements of BIOCIDIN—was attributed to "an obvious definite error on the part of the advertising agency." (JA 75) The third and fourth violations—the red and white tablets labeled BIOVIDIN and BIOVIDIN-DC—were allegedly due to the "error" and "mistake" of the drug supplier. (JA 73-74; 76-77, 84) Dart further claimed that when it learned of the mislabeled merchandise in its retail stores it issued instructions, first in February and again in April, to its store managers to check and remove all BIOVIDIN-labeled products (JA 76-77, 83, 92-93), but that its person-

nel had nevertheless failed to detect and remove all the mislabeled merchandise. (*Ibid.*; also JA 98) As for the window display of BIOVIDIN-DC, Dart explained that "we just missed it and we are sorry for that" (JA 82); and further stated that even the warehouse manager and another person went to all the stores to check specifically the window displays but "they apparently missed this one." (JA 83, 92) In sum, Dart's own explanations establish that the name BIOVIDON was so close to the names banned by the original injunction that skilled people handling the product could not avoid violating the decree. This was not only true of Dart's trained personnel, including its own professional pharmaceutical employees, but it was also said to be the case for third parties such as its advertising agency and drug suppliers.

Surely it does not help Dart to argue now that all of the prior violations took place because "Dart was negligent", and that "such negligence could result in a violation of the decree of the District Court regardless of the trade name selected". (Pet. Br. 13) This argument does not change the fact that some names, such as BIOVIDON compared with BIOCIDIN and BIOVIDIN, are so similar in composition and appearance as to be highly susceptible of confusion. The history of repeated violations in this case only underscores the need for Dart to adopt a truly dissimilar name for its product.

Certainly all evidence supports the finding that Dart, in changing the name of its product to BIOVIDON, did not make a good faith effort to adopt a dissimilar name. In the Court-approved stipulation, Dart advised Schering of a number of new names that it was considering; all of these names except one (BIONICOL) contained three syllables. However, Dart did not adopt any of these names, but instead changed to BIOVIDON, a name very similar to prohibited BIOVIDIN and BIOCIDIN.

Conclusion. For these reasons the District Court's findings and decree provisions prohibiting BIOVIDON should be affirmed.

Respectfully submitted,

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